

# **Consolidated Financial Statements**

# B S R & Co. LLP

Chartered Accountants

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## Independent Auditor's Report

### To the Members of Tata Capital Financial Services Limited

#### Report on the Audit of Consolidated Financial Statements

##### Opinion

We have audited the consolidated financial statements of Tata Capital Financial Services Limited (hereinafter referred to as the 'Holding Company') and its associates, which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Holding Company and its associates as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

##### 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 Consolidated Financial Statements* section of our report. We are independent of the Holding Company and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of the financial information referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

##### Key Audit Matters

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

Registered Office:

**Independent Auditor's Report (Continued)****Tata Capital Financial Services Limited****Key Audit Matters (Continued)**

Description of Key Audit Matter:

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p><b>Impairment of loans and advances to customers</b>  <b>Charge: INR 101,294 Lakhs for year ended 31 March 2021</b>  <b>Provision: INR 178,215 Lakhs at 31 March 2021</b></p>	
<p><i>Refer to the accounting policies in "Note 2 (xi) (a) to the consolidated financial statements: Impairment", "Note 2(v) to the consolidated financial statements: Significant Accounting Policies- use of estimates" and "Note 7 to the consolidated financial statements: Loans", Note 9 to the consolidated financial statements: Other Financial Assets", "Note 7 to the consolidated Financial Statements: Provisions", "Note 61 to the consolidated financial statements: Deferment and COVID 19", "Note 35A to the consolidated financial statements: Financial Risk Review : Credit Risk", "Note 36 to the consolidated financial statements: Financial Risk Management", "Note 62 to the consolidated financial statements: Impact of COVID 19 on ECL impairment allowance", "Note 59 to the consolidated financial statements: Impact of Restructuring"</i></p>	
<p><b>Subjective estimate</b></p> <p>Recognition and measurement of impairment of loans and advances involve significant management judgement.</p> <p>Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Holding Company's estimation of ECL are:</p> <ul style="list-style-type: none"> <li>Data inputs – The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</li> <li>Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Segmentation of Loan Book ("SLB"), Probabilities of Default ("PD"), Loss Given Default ("LGD") and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Holding Company's modelling approach.</li> </ul>	<p><b>Our key audit procedures included:</b></p> <p><b>Design / controls</b></p> <p>We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process.</p> <p>Key aspects of our controls testing for the Holding Company involved the following:</p> <ul style="list-style-type: none"> <li>Evaluating the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109 and our business understanding.</li> <li>Understanding management's updated processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 Regulatory Package.</li> <li>For the Holding Company, testing the 'Governance Framework' controls over validation, implementation, and model monitoring in line with the RBI guidance.</li> <li>Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.</li> <li>Testing the design and operating effectiveness of the key controls over the application of the staging criteria.</li> </ul>

**Independent Auditor's Report (Continued)****Tata Capital Financial Services Limited****Key Audit Matters (Continued)**

Description of Key Audit Matter:

Key audit matter	How the matter was addressed in our audit
<b>Impairment of loans and advances to customers</b>	
<ul style="list-style-type: none"> <li>• Economic scenarios – Ind AS 109 requires the Holding Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them, including changes to methodology, especially when considering the current uncertain economic environment arising from COVID-19.</li> <li>• Modification of assets – the Holding Company has had a significant volume of restructured loans in the current year on account of COVID-19 related restructuring measures prescribed by the regulatory bodies. This has resulted in increased management estimation over determination of losses for such restructured loans.</li> </ul> <p>Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by the Holding Company's management to address known impairment model limitations or emerging trends as well as risks not captured by models. Such overlay adjustments were assessed for certain pools of customers where the Holding Company assessed a higher risk of default basis their moratorium and bounce rate behavior. The overlay provision represents approximately 12.6% of the ECL provision as at 31 March 2021 for the Stage 1 and Stage 2 borrowers. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the consolidated financial statements as a whole, and possibly many times that amount. Management has made disclosures regarding ECL approach in the credit risk sections of the consolidated financial statements (<i>Note 35 A (i)</i>).</p>	<ul style="list-style-type: none"> <li>• Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights.</li> <li>• Testing the design and operating effectiveness of the key controls over modification of assets including identification/staging of the modified asset.</li> <li>• Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs or data used in assessment and identification of Significant Increase in Credit Risk ('SICR') and staging of the assets.</li> <li>• Testing management's controls over authorization and calculation of post model adjustments and management overlays.</li> <li>• Testing management's controls on compliance with Ind AS 109 disclosures related to ECL.</li> <li>• Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations.</li> </ul> <p>Involvement of specialists - we involved financial risk modelling specialists for the following:</p> <ul style="list-style-type: none"> <li>• Evaluating the appropriateness of the Holding Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays).</li> <li>• The reasonableness of the Holding Company's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination.</li> </ul>

**Independent Auditor's Report (Continued)****Tata Capital Financial Services Limited****Key Audit Matters (Continued)**

Description of Key Audit Matter:

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<b>Impairment of loans and advances to customers</b>	
<b>Disclosures</b>	<b>Substantive tests</b>
<p>The disclosures regarding the Holding Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions will also be an area of focus, particularly as this will be the first year some of these disclosures will be presented and are related to an area of significant estimate.</p>	<p>Key aspects of our testing for the Holding Company included the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Performing credit reviews on sample basis over loans given to corporate customers.</li> <li>• 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.</li> <li>• Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied.</li> <li>• Performing test of details over calculation of ECL, in relation to the completeness, accuracy and relevance of data.</li> <li>• Test of details of post model adjustments, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data.</li> </ul> <p>Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.</p>

**Independent Auditor's Report (Continued)****Tata Capital Financial Services Limited****Key Audit Matters (Continued)**

## Description of Key Audit Matter (Continued)

<b>The Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<b>Information technology ("IT")</b>	
<p data-bbox="193 564 794 595"><b>IT systems and controls</b></p> <p data-bbox="193 629 794 817">The Holding Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p data-bbox="193 846 794 1003">We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>	<p data-bbox="794 564 1361 629">Our audit procedures to assess the IT system access management included the following.</p> <p data-bbox="794 658 1361 757">Involvement of specialists - we involved Information Technology specialists for testing the following for the Holding Company:</p> <p data-bbox="794 786 1361 846"><b>General IT controls / user access management controls</b></p> <ul data-bbox="794 846 1361 2134" style="list-style-type: none"> <li data-bbox="794 846 1361 1034">• We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</li> <li data-bbox="794 1064 1361 1252">• We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</li> <li data-bbox="794 1281 1361 1491">• For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.</li> <li data-bbox="794 1520 1361 1709">• 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.</li> <li data-bbox="794 1738 1361 1984">• Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.</li> <li data-bbox="794 2013 1361 2134">• We obtained an understanding of the cyber security controls and user access management control in the work from home environment implemented by the organization</li> </ul>

## **Independent Auditor's Report (*Continued*)**

### **Tata Capital Financial Services Limited**

#### **Other Information**

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

#### **Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Holding Company including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The respective Management and Board of Directors of the Holding Company and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the Holding Company and of its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The respective Board of Directors of the Holding Company and of its associates are also responsible for overseeing the financial reporting process of each company.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.



## **Independent Auditor's Report (*Continued*)**

### **Tata Capital Financial Services Limited**

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

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 consolidated 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Holding Company and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Holding Company and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled "Other Matters" in this audit report.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company, 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.



## **Independent Auditor's Report (*Continued*)**

### **Tata Capital Financial Services Limited**

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

#### **Other Matters**

The consolidated financial statements include the Holding Company's share of net loss (and other comprehensive income) of Rs. 238 lakhs for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of 4 associates, whose financial statements/financial information have not been audited by us or by other auditors. These unaudited financial information have been furnished to us by the Holding Company's Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by management, these financial statements/financial information are not material to the Holding Company.

Our opinion on the consolidated financial statements, and our Report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with the unaudited financial information certified by the Management.

#### **Report on Other Legal and Regulatory Requirements**

- A. As required by section 143(3) of the Act, based on our audit and based on consideration of the financial information referred to in the "Other Matters" paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company are disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act.

## **Independent Auditor's Report (*Continued*)**

### **Tata Capital Financial Services Limited**

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

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its associates incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.
- 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on consideration of the financial information referred to in the "Other Matters" paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Holding Company and its associates. Refer Note 42 to the consolidated financial statements.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 42 to the consolidated financial statements in respect of such items as it relates to the Holding Company and its associates.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2021; and
  - iv. The disclosures in the consolidated 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 the consolidated financial statements since they do not pertain to the financial year ended 31 March 2021.
- C. With respect to the matter to be included in the Auditor's report under section 197(16):

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

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Akeel Master**

*Partner*

Membership No: 046768

UDIN: 21046768AAAABU8922

Mumbai  
22 April 2021

# Tata Capital Financial Services Limited

## **Annexure A to the Independent Auditors' report of even date**

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

**(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

#### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of Tata Capital Financial Services Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its associate companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its associate companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's Responsibility for Internal Financial Controls**

The respective company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective 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 the respective 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").

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated 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 consolidated 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 consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk.

## Tata Capital Financial Services Limited

### Annexure A to the Independent Auditors' report of even date (*Continued*)

#### Auditors' Responsibility (*Continued*)

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 internal financial controls with reference to consolidated financial statements.

#### Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated 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 consolidated financial statements includes 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 consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Other Matter

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements is not modified insofar as it relates to the 4 associate companies, which are companies incorporated in India, whose financial information are unaudited and is not material to the Holding Company.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Akeel Master**

*Partner*

Mumbai  
22 April 2021

Membership No: 046768  
UDIN: 21046768AAAABU8922

# Tata Capital Financial Services Limited

## Consolidated Balance Sheet

as at March 31, 2021

(Rs. in lakh)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>(1) Financial assets</b>			
(a) Cash and cash equivalents	3	1,00,316	1,58,466
(b) Bank balances other than (a) above	4	109	72
(c) Derivative financial instruments	6	-	5,674
(d) Receivables			
(i) Trade receivables	5	1,962	4,060
(ii) Other receivables		-	-
(e) Loans	7	42,83,828	42,62,457
(f) Investments	8	1,30,798	19,140
(g) Other financial assets	9	62,293	44,522
<b>Total financial assets</b>		<b>45,79,306</b>	<b>44,94,391</b>
<b>(2) Non-financial assets</b>			
(a) Current tax assets (net)	12(i)	11,551	12,703
(b) Deferred tax assets (net)	12(ii)	56,693	50,788
(c) Investment property		-	-
(d) Property, plant and equipment	10	67,532	84,921
(e) Capital work-in-progress		-	52
(f) Intangible assets under development		633	108
(g) Goodwill		-	-
(h) Other intangible assets	10	2,018	2,036
(i) Right of use assets	38	7,294	8,739
(j) Other non-financial assets	11	15,977	28,625
<b>Total non-financial assets</b>		<b>1,61,698</b>	<b>1,87,972</b>
<b>Total Assets</b>		<b>47,41,004</b>	<b>46,82,363</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial liabilities</b>			
(a) Derivative financial instruments	6	18,222	3,381
(b) Payables			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	13(ii)	81	50
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13(i)	63,607	46,022
(ii) Other trade payables			
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Debt Securities	14	20,05,053	18,98,850
(d) Borrowings (Other than debt securities)	15	14,93,532	16,96,156
(e) Deposits		-	-
(f) Subordinated liabilities	16	3,55,532	3,06,930
(g) Lease liability	38	8,092	9,427
(h) Other financial liabilities	17	93,647	83,186
<b>Total financial liabilities</b>		<b>40,37,766</b>	<b>40,44,002</b>
<b>(2) Non-Financial liabilities</b>			
(a) Current tax liabilities (net)	18	20,316	7,744
(b) Provisions	19	2,543	3,506
(c) Other non-financial liabilities	20	6,958	5,648
<b>Total non-financial liabilities</b>		<b>29,817</b>	<b>16,898</b>
<b>(3) Equity</b>			
(a) Equity share capital	21	1,62,993	1,62,993
(b) Other equity	22	5,10,428	4,58,470
<b>Total Equity</b>		<b>6,73,421</b>	<b>6,21,463</b>
<b>Total Liabilities and Equity</b>		<b>47,41,004</b>	<b>46,82,363</b>
Significant accounting policies	2	-	-
See accompanying notes forming part of the financial statements	3-58		
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 Financial Services Limited**

**Akeel Master**  
Partner  
Membership No: 046768

**Rajiv Sabharwal**  
(Director)  
(DIN No. : 00057333)

**F.N. Subedar**  
(Director)  
(DIN No. : 00028428)

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

Mumbai  
April 22, 2021

**Varsha Purandare**  
(Director)  
(DIN No. : 05288076)

**Sarosh Amaria**  
(Managing Director)  
(DIN No. : 08733676)

**Jaykumar Shah**  
(Chief Financial Officer)

**Sonali Puneekar**  
(Company Secretary)

# Tata Capital Financial Services Limited

## Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(Rs. in lakh)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I Revenue from operations</b>			
(i) Interest income	23	5,25,558	5,47,075
(ii) Dividend income	24	1	590
(iii) Rental income	25	38,083	39,879
(iv) Fees and commission income	26	9,132	10,756
(v) Net gain on fair value changes	27	18,624	-
(vi) Gain on derecognition of investment measured at cost		534	-
<b>Total Revenue from operations</b>		<b>5,91,932</b>	<b>5,98,300</b>
<b>II Other income</b>	28	7,234	7,895
<b>III Total Income (I+II)</b>		<b>5,99,166</b>	<b>6,06,195</b>
<b>IV Expenses</b>			
(i) Finance costs	29	2,89,885	3,25,673
(ii) Net loss on fair value changes	27	-	9,393
(iii) Impairment of investment measured at cost		-	950
(iv) Impairment of financial instruments	31	1,01,294	86,351
(v) Employee benefits expense	30	43,811	45,027
(vi) Depreciation and amortisation and impairment	10	31,974	37,179
(vii) Other expenses	32	49,698	56,372
<b>Total expenses (IV)</b>		<b>5,16,662</b>	<b>5,60,945</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>82,504</b>	<b>45,250</b>
<b>VI Exceptional Items</b>		-	-
<b>VII Share in profit of associates</b>		(238)	(5)
<b>VIII Profit before tax (V-VI-VII)</b>		<b>82,266</b>	<b>45,245</b>
<b>IX Tax expense</b>			
(1) Current tax	12(i)	20,240	19,684
(2) Deferred tax	12(ii)	(5,431)	14,205
<b>Net tax expense</b>		<b>14,809</b>	<b>33,889</b>
<b>X Profit for the year from continuing operations (VIII-IX)</b>		<b>67,457</b>	<b>11,356</b>
<b>XI Profit from discontinued operations before tax</b>		-	-
<b>XII Tax expense of discontinued operations</b>		-	-
<b>XIII Profit from discontinued operations (after tax) (XI-XII)</b>		-	-
<b>XIV Profit for the year (X+XIII)</b>		<b>67,457</b>	<b>11,356</b>
<b>XV Other Comprehensive Income</b>			
<b>A (i) Items that will be reclassified subsequently to statement of profit and loss</b>			
(a) Fair value gain/(loss) on financial assets carried at Fair Value Through Other Comprehensive Income (FVTOCI)		161	(258)
(b) Income tax relating to fair value gain on financial assets carried at FVTOCI		(41)	65
(c) The effective portion of loss on hedging instruments in a cash flow hedge		(2,047)	(784)
(d) Income tax relating to the effective portion of loss on hedging instruments in a cash flow hedge		515	197
(e) Share of other comprehensive income in associates (net)		2	5
<b>(ii) Items that will not be reclassified subsequently to statement of profit and loss</b>			
(a) Remeasurement of defined employee benefit plans		804	(775)
(b) Income tax relating to items that will not be reclassified to profit or loss		(202)	195
<b>Total Other Comprehensive Income</b>		<b>(808)</b>	<b>(1,355)</b>
<b>XVI Total Comprehensive Income for the year (XIV+XV)(Comprising Profit and Other Comprehensive Income for the year)</b>		<b>66,649</b>	<b>10,001</b>

# TATA Capital Financial Services Limited

## Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(Rs. in lakh)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>XVII Earnings per equity share (for continuing operation):</b>			
(1) Basic (Rupees)		4.14	0.91
(2) Diluted (Rupees)		4.14	0.91
<b>XVIII Earnings per equity share (for discontinued operation):</b>			
(1) Basic (Rupees)		-	-
(2) Diluted (Rupees)		-	-
<b>XIX Earnings per equity share (for continuing and discontinued operations)</b>			
(1) Basic (Rupees)		4.14	0.91
(2) Diluted (Rupees)		4.14	0.91
Significant accounting policies	2		
See accompanying notes forming part of the financial statements	3-58		

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  
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**Akeel Master**  
Partner  
Membership No: 046768

**Rajiv Sabharwal**  
(Director)  
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(Managing Director)  
(DIN No. : 08733676)

**Jaykumar Shah**  
(Chief Financial Officer)

**Sonali Puneekar**  
(Company Secretary)



# Tata Capital Financial Services Limited

## Consolidated Cash Flow Statement

for the year ended March 31, 2021

(Rs. in lakh)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>1 CASH FLOW USED IN OPERATING ACTIVITIES</b>			
Profit before tax		82,266	45,245
<b>Adjustments for :</b>			
Depreciation and amortisation		31,974	37,179
Net Loss/ (gain) on derecognition of property, plant and equipment		46	(671)
Finance cost		2,89,885	3,25,673
Interest income		(5,25,558)	(5,47,075)
Dividend Income		(1)	(590)
Net loss / (gain) on fair value changes			
- Realised		(11,030)	(5,369)
- Unrealised		(7,594)	14,762
Net (gain) / loss on derecognition of investment measured at cost		(534)	950
Share based payments- Equity-settled		303	386
Share in profit of associates		238	5
Provision for leave encashment		(106)	221
Impairment loss allowance on loans (Stage I & II)		8,765	16,895
Impairment loss allowance on loans (Stage III)		92,517	69,695
Provision against trade receivables		12	(239)
Provision against assets held for sale		(466)	(746)
<b>Operating Loss before working capital changes and adjustments for interest received, interest paid and dividend received</b>		<b>(39,283)</b>	<b>(43,679)</b>
<b>Adjustments for :</b>			
Decrease/(Increase) in trade receivables		2,086	(936)
Increase in Loans		(1,25,039)	(16,770)
Increase in other financial/non financial assets		(12,257)	(17,286)
Increase in other financial/ non financial liabilities		29,415	6,711
<b>Cash used in operations before adjustments for interest received, interest paid and dividend received</b>		<b>(1,45,078)</b>	<b>(71,960)</b>
Interest paid		(2,62,702)	(3,12,174)
Interest received		5,21,997	5,27,294
Dividend received		1	590
<b>Cash from operations</b>		<b>1,14,217</b>	<b>1,43,750</b>
Taxes paid		(6,718)	(28,761)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>		<b>1,07,499</b>	<b>1,14,989</b>
<b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment (including capital advances)		(5,524)	(21,845)
Proceeds from sale of property, plant and equipment		5,517	2,069
Purchase of investments		(1,29,356)	-
Purchase of mutual fund units		(8,67,96,959)	(2,10,72,293)
Proceeds from redemption of mutual fund units		8,68,02,074	2,10,77,462
Proceeds from sale of investments		32,581	3,500
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>		<b>(91,667)</b>	<b>(11,107)</b>
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Equity Shares		-	25,000
Debenture issue / loan processing expenses		(1,349)	(4,976)
Interim dividend paid on equity and preference shares (including dividend distribution tax)		(14,995)	(9,196)
Proceeds from borrowings (Other than debt securities)		19,76,211	44,74,467
Proceeds from Debt Securities		26,36,650	20,86,520
Proceeds from Subordinated liabilities		47,408	56,292
Repayment of Borrowings (Other than debt securities)		(21,74,110)	(40,59,812)
Repayment of Debt Securities		(25,40,243)	(24,98,403)
Repayment of Subordinated liabilities		(165)	(90,546)
Repayment of lease liabilities		(3,389)	(3,202)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>		<b>(73,982)</b>	<b>(23,856)</b>

# TATA Capital Financial Services Limited

## Consolidated Cash Flow Statement (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
NET DECREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		(58,150)	80,026
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		1,58,466	78,440
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		1,00,316	1,58,466
<b>Reconciliation of cash and cash equivalents as above with cash and bank balances</b>			
Cash and Cash equivalents at the end of the year as per above		1,00,316	1,58,466
Add : Restricted Cash		69	34
Add: Fixed deposits with original maturity over 3 months		40	38
<b>CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES AS AT THE END OF THE YEAR</b>		<b>1,00,425</b>	<b>1,58,538</b>

Significant accounting policies

See accompanying notes forming part of the financial statements

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3-58

In terms of our report of even date

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

For and on behalf of the Board of Directors  
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Partner  
Membership No: 046768

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**Sarosh Amaria**  
(Managing Director)  
(DIN No. : 08733676)

**Jaykumar Shah**  
(Chief Financial Officer)

**Sonali Punekar**  
(Company Secretary)

# Tata Capital Financial Services Limited

## Statement of Changes in Equity

for the year ended March 31, 2021

(Rs. in lakh)

### a. Equity share capital

Particulars	Rs. in Lakh
Balance as at April 1, 2019	1,37,556
Changes in equity share capital during the period	25,437
Balance as at March 31, 2020	1,62,993
Changes in equity share capital during the period	-
Balance at March 31, 2021	1,62,993

### b. Other equity

Particulars	Reserves and surplus		Item of other comprehensive income					Share in profit of associates	Total other equity		
	Securities premium	Debenture Redemption Reserve	Special Reserve Account	Retained earnings	General Reserve	Share options outstanding account	Cost of hedge reserve			Remeasurement of defined benefit liability /asset	Fair value gain / (loss) on Financial Assets carried at FVTOCI
Balance at April 1, 2019	1,46,648	30,000	46,982	42,419	429	536	-	(309)	218	11	2,66,934
Profit for the period	-	-	-	11,356	-	-	-	-	-	-	11,356
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	(587)	(580)	(193)	5	(1,355)
Ind AS 116 transition impact	-	-	-	(1,205)	-	-	-	-	-	-	(1,205)
<b>Total comprehensive income for the period</b>	-	-	-	<b>10,151</b>	-	-	<b>(587)</b>	<b>(580)</b>	<b>(193)</b>	<b>5</b>	<b>8,796</b>
Share issue expenses	(214)	-	-	-	-	-	-	-	-	-	(214)
Transfer to stock reserve - equity settled options	-	-	-	-	427	(427)	-	-	-	-	-
Share based payment expense	-	-	-	-	-	386	-	-	-	-	386
Premium on issue of Equity Shares	1,88,463	-	-	-	-	-	-	-	-	-	1,88,463
Transfer to Special Reserve Account	-	-	4,091.00	(4,091)	-	-	-	-	-	-	-
Interim Dividend on equity shares (including tax on dividend)	-	-	-	(5,895)	-	-	-	-	-	-	(5,895)
<b>Balance at March 31, 2020</b>	<b>3,34,897</b>	<b>30,000</b>	<b>51,073</b>	<b>42,584</b>	<b>856</b>	<b>495</b>	<b>(587)</b>	<b>(889)</b>	<b>25</b>	<b>16</b>	<b>4,58,470</b>
Profit for the period	-	-	-	67,457	-	-	-	-	-	-	67,457
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	(1,531)	602	120	2	(807)
<b>Total comprehensive income for the period</b>	-	-	-	<b>67,457</b>	-	-	<b>(1,531)</b>	<b>602</b>	<b>120</b>	<b>2</b>	<b>66,650</b>
Transfer to stock reserve - equity settled options	-	-	-	-	328	(328)	-	-	-	-	-
Share based payment expense	-	-	-	-	-	303	-	-	-	-	303
Interim Dividend on equity shares (including tax on dividend)	-	-	-	(14,995)	-	-	-	-	-	-	(14,995)
Transfer to Special Reserve Account	-	-	13,540	(13,540)	-	-	-	-	-	-	-
<b>Balance at March 31, 2021</b>	<b>3,34,897</b>	<b>30,000</b>	<b>64,613</b>	<b>81,506</b>	<b>1,184</b>	<b>470</b>	<b>(2,118)</b>	<b>(287)</b>	<b>145</b>	<b>18</b>	<b>5,10,428</b>

Significant accounting policies

See accompanying notes forming part of the financial statements

2

3-58

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 Financial Services Limited**

**Akeel Master**

Partner

Membership No: 046768

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(DIN No. : 08733676)

**Jaykumar Shah**

(Chief Financial Officer)

**Sonali Punekar**

(Company Secretary)

# **TATA CAPITAL FINANCIAL SERVICES LIMITED**

## **Notes forming part of the Consolidated Financial Statements**

### **1. CORPORATE INFORMATION**

Tata Capital Financial Services Limited (the "Company") is a wholly owned subsidiary of Tata Capital Limited and a Systemically Important Non-Deposit Accepting Non-Banking Finance Group ("NBFC"), holding a Certificate of Registration from the Reserve Bank of India ("RBI") dated November 4, 2011. 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 Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act, guidelines issued by the Reserve Bank of India as applicable to an NBFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS required a change in the accounting policy hitherto in use. The financial statements were authorised for issue by the Board of Directors (BOD) on April 22, 2021.

#### **ii. Presentation of financial statements**

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

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

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

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

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

#### **iii. Principles of Consolidation**

The Company is able to exercise control over the operating decision of the investee companies, resulting in variable returns to the Company and accordingly, the same are classified as investment in subsidiary and line by line consolidation is carried out under the principles of consolidation. The Consolidated Financial Statements of the Company have been prepared on the following basis:

- a) The Consolidated Financial Statements include the share of profit/ (loss) of associates, which have been accounted for using the equity method as per Ind AS 28- (Accounting for Investments in Associates in Consolidated Financial Statements). Accordingly, the share of profit/ (loss) of the associates (the loss being restricted to the cost of the investment) have been added/deducted to the costs of investments.
- b) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be and adjusted against the carrying amount of investment in the associate.

#### **iv. 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.

#### **v. 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 Group 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 Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

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

<b>Items</b>	<b>Measurement basis</b>
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 Group 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 Group 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 Group can access at the measurement date.

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

Refer notes 34A and 34B

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

#### **vi. Use of estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires the management of the Group 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

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

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 xi - 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 xii - impairment test of non-financial assets: key assumption underlying recoverable amounts.
- Note xi - The Group'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.
- Note 42 - Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions
- Note xxi – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note xiv – measurement of defined benefit obligations: key actuarial assumptions.
- Note 34A and Note 34B – determination of the fair value of financial instruments with significant unobservable inputs.
- Note 35A(iii) – impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition, assumptions used in estimating recoverable cash flows and incorporation of forward-looking information in the measurement of expected credit loss (ECL). The weights assigned to different scenarios for measurement of forward looking ECL, i.e. best case, worst case and base case also requires judgement.
- 

The Group 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.



## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

#### **vii. 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 Group 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.

#### **viii. Fee and Commission income not integral to effective interest rate (EIR) method under Ind AS 109 and Fee and Commission income from services and distribution of financial products:**

The Group 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 Group will collect the consideration for items.

Revenue in the form of income from financial advisory, underwriting commission, income from private equity, distribution from private equity funds, income from distribution from financial

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

products (brokerage) (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 Group 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 Group 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 Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group 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

#### **ix. Dividend income**

Income from dividend on investment in equity shares and preference share of corporate bodies and units of mutual funds is accounted when the Group's right to receive dividend is established and it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. Dividend income on financial assets measured at fair value through profit and loss is presented under Dividend income and not as a part of Net gains/(losses) on fair value changes.

#### **x. Leases**

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

Asset given on lease:

Leases are classified as operating lease where significant portion of risks and reward of ownership of assets acquired under lease is retained by the lessor. Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessee are classified as finance lease.

Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return. The principal amount received reduces the net investment in the lease and interest is recognised as revenue.

Lease rental - under operating leases (excluding amount for services such as insurance and maintenance) are recognised on a straight-line basis over the lease term, except for increase in line with expected inflationary cost increases.

Asset taken on lease:

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

As a lessee, the Group 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 Group recognises right-of-use assets and lease liabilities for certain type of its leases.

The Group 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 Group 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 Group 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 Group 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,

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

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 to be exercised.

The Group 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 Group 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.

#### **xi. 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

#### **xii. Financial Instruments**

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

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

##### **a) Financial assets**

###### **Classification**

On initial recognition, depending on the Group'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).

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

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 Group 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 Group 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 Group 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.

Investment in associates are recognised at cost.

#### ***Business model assessment***

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

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

#### **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 Group 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 Group 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 Group'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.
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## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

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 Group 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 Group’s financial assets.

#### **Impairment of Financial Asset**

##### **Impairment approach**

Overview of the Expected Credit Losses (ECL) principles

The Group 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



## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 35A(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 Group 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 Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Group 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 Group 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. Defaulted accounts include customers reported as fraud in the FRMC. The Group records an allowance for the LTECLs.

#### **Undrawn loan commitments**

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

#### **Financial guarantee contract:**

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

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

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

- the amount of the loss allowance determined in accordance with Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Group's revenue recognition policies. The Group has not designated any financial guarantee contracts as FVTPL.

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

#### **The Measurement of ECLs**

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

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

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

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

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

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

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

When estimating LTECLs for undrawn loan commitments, the Group 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 Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an contractual or portfolio EIR as the case may be.

**Stage 3** For loans considered credit-impaired, the Group 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 Group relies on broad range of forward looking information for economic inputs.

The Group 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 Group 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 35A(iii)).

### **Impairment of Trade receivable and Operating lease receivable**

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

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 Group's internal processes and when the Group 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 Group 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 Group 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 Group provides fully secured, partially secured and unsecured loans to individuals and Corporates. In its normal course of business upon account becoming delinquent, the Group 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:**

<b>Type of Financial asset</b>	<b>Disclosure</b>
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 Group 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

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

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 Group 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 Group 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 Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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.

#### **Securitization and Assignment**

In case of transfer of loans through securitisation and direct assignment transactions, the transferred loans are de-recognised and gains/losses are accounted for, only if the Group transfers substantially all risks and rewards specified in the underlying assigned loan contract.

In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

#### **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 Group 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 Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group 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 Group's own equity instruments.

#### **Classification**

The Group 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 Group derecognises financial liabilities when, and only when, the Group'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 Group 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 Group's own equity instruments is an equity instrument.

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

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

#### **Compound instruments**

The Group has issued financial instruments with equity conversion rights and call options. When establishing the accounting treatment for these non-derivative instruments, the Group 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 Group 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 into 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 Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

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

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

the recognition in the statement of profit and loss depends on the nature of the hedge relationship.

The Group 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 Group documents the risk management objective and strategy for undertaking the hedge. The Group 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 Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedge relationships. The change in fair value of the forward element of the forward exchange contracts ('forward points') is separately accounted for as cost of hedging and recognised separately within equity.

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

#### **c) Cash, Cash equivalents and bank balances**

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

### **xiii. Property, plant and equipment (PPE)**

#### **a) PPE**



## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

PPE acquired by the Group 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 Group 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 Group 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. The residual value of each asset given on Operating lease is determined at the time of recording of the lease asset. If the residual value of the Operating lease asset is higher than 5%, the Group has a justification in place for considering the same.

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

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

Companies Act, 2013 except in respect of buildings, computer equipment, electrical installation and 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 on tangible property, plant and equipment deployed on operating lease has been provided on the straight-line method over the primary lease period of the asset. 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, while Goodwill if any is tested for impairment at each Balance Sheet date. 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 Group are:

<b>Asset</b>	<b>Estimated Useful Life</b>
Leasehold Improvements	As per lease period
Construction Equipment	2 to 13.5 years
Furniture and Fixtures	Owened: 10 years Leased: 3 to 7 years
Computer Equipment	Owened: 3 to 4 years Leased: 2 to 4 years
Office Equipment	Owened: 5 years Leased: 3 to 5 years
Vehicles	Owened: 4 years Leased: 1 to 5 years
Software Licenses	Owened: 1 to 10 years Leased: 1 to 3 years
Buildings	25 years
Plant & Machinery	Owened: 10 years Leased: 2 to 15 years

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

Railway Wagons	Leased: 6 years
Electrical Installation & Equipment	Leased: 3 to 6 years
Networking Assets	Leased: 2 to 4 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 Group 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**

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Consolidated Financial Statements (*Continued*)

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.

#### **xiv. 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 Group 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.

#### **xv. Employee Benefits**

Defined Contribution benefits include superannuation fund .

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

##### **Defined contribution plans**

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

##### **Defined benefit plans**

The Group makes Provident Fund contributions, a defined benefit plan for qualifying employees. Under the Schemes, both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, except that the employer's contribution towards pension fund is paid to the Regional Provident Fund office, as specified under the law, are made to the provident fund set

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

up as an irrevocable trust by Tata Capital Limited (“the ultimate parent Company”). The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall on account of , if any, shall be made good by the Company. Hence the Group is 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. The total liability in respect of the interest shortfall of the Fund is determined on the basis of an actuarial valuation. The interest liability arising only to the extent of the aforesaid differential shortfalls is a defined benefit plan. There is no such shortfall as at March 31, 2021.

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

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

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 Group'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.

#### **xvi. Foreign currency transactions**

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

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

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

#### **xvii. Operating Segments**

The Group's main business is financing by way of loans for retail and corporate borrowers in India. The Group's operating segments consist of "Financing Activity", " Investment Activity" and "Others". All other activities of the Group revolve around the main businesses. This in the context of Ind AS 108 – operating segments reporting are considered to constitute reportable segment. The Chief Operating Decision Maker (CODM) of the Group is the Board of Directors. Operating segment disclosures are consistent with the information reviewed by the CODM.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

transactions with any of the Group's other components, and for which discrete financial information is available. Accordingly, all operating segment's operating results of the Group are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance.

The "Financing Activity" segment consists of asset financing, term loans (corporate and retail), channel financing, credit substitutes, investments linked to/arising out of lending business and bill discounting. The "Investment Activity" segment includes corporate investments and "Others" segment primarily includes advisory services, wealth management, distribution of financial products and leasing.

Revenue and expense directly attributable to segments are reported under each operating segment. Expenses not directly identifiable to each of the segments have been allocated to each segment on the basis of associated revenues of each segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses.

Assets and liabilities that are directly attributable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable.

#### **xviii. Investments in associates**

The Group has elected to measure investment in associate at cost as per Ind AS 27 – Separate Financial Statements, accordingly measurement at fair value through statement of profit and loss account and related disclosure under Ind AS 109 does not apply.

#### **xix. 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

#### **xx. 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

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

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 Group intends to settle its current tax assets and liabilities on a net basis.

#### **xxi. 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.

#### **xxii. Provisions, contingent liabilities and contingent assets**

##### **Provisions**

Provisions are recognised when the Group 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 Group 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**



## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Consolidated Financial Statements (*Continued*)**

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 Group 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

#### **xxiii. Commitments**

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

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

#### **xxiv. 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.

**TATA CAPITAL FINANCIAL SERVICES LIMITED**

**Notes forming part of the Consolidated Financial Statements (*Continued*)**

**xxv. 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.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 3. CASH AND CASH EQUIVALENTS

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) Cash on hand	12	12
(b) Balances with banks		
- In current accounts	99,065	1,58,215
(c) Cheques on hand	1,239	239
<b>Total</b>	<b>1,00,316</b>	<b>1,58,466</b>

**Note:**

- (i) As at March 31, 2021, the Group had undrawn committed borrowing facilities of Rs. 4,43,500 Lakh ( March 31, 2020 : Rs. 5,14,300 Lakh).

### 4. OTHER BALANCES WITH BANKS

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) Balances with banks in current accounts (refer note (i) below)	69	34
(b) Balances with banks in deposit accounts (Refer note below)	40	38
<b>Total</b>	<b>109</b>	<b>72</b>

**Note:**

- (i) Balance with banks in current accounts includes Rs. 69 lakh ( March 31, 2020 : Rs. 34 lakh) towards Unclaimed matured debentures and accrued interest thereon.
- (ii) 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	As at
	March 31, 2021	March 31, 2020
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	1,962	4,060
(iii) Receivables which have significant increase in credit risk - unsecured	45	33
(iv) Receivables - credit impaired - unsecured	-	-
	<b>2,007</b>	<b>4,093</b>
Less: Allowance for impairment loss		
(i) Significant increase in credit risk	45	33
(ii) credit impaired	-	-
<b>Total</b>	<b>1,962</b>	<b>4,060</b>

Trade receivables include amounts due from the related parties Rs. 115 lakh (March 31, 2020: Rs. 190 lakh). Trade receivables are non-interest bearing and are generally on terms of 3 months to 1 year.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 6. Derivative financial instruments

As at March 31, 2021

Derivatives held for hedging and risk management purposes	Notional value - USD (in mn)	Notional value - JPY (in mn)	Notional value (Rs. in lakh)	Fair value assets (Rs. in lakh)	Fair value liabilities (Rs. in lakh)
Foreign exchange forward	113	14,555	1,79,489	-	15,104
Interest rate swap	108	-	79,088	-	1,758
Cross currency swap	50	-	36,615	-	1,304
Interest rate Cap	-	14,388	95,174	-	56
<b>Total</b>	<b>271</b>	<b>28,942</b>	<b>3,90,366</b>	<b>-</b>	<b>18,222</b>

As at March 31, 2020

Derivatives held for hedging and risk management purposes	Notional value - USD (in mn)	Notional value - JPY (in mn)	Notional value (Rs. in lakh)	Fair value assets (Rs. in lakh)	Fair value liabilities (Rs. in lakh)
Foreign exchange forward	117	14,656	1,88,509	5,674	801
Interest rate swap	108	-	80,723	-	2,488
Interest rate Cap	-	14,388	99,462	-	92
<b>Total</b>	<b>225</b>	<b>29,044</b>	<b>3,68,694</b>	<b>5,674</b>	<b>3,381</b>

#### 6.1 Disclosure of effects of hedge accounting on financial position and exposure to foreign currency

As at March 31, 2021

PARTICULARS	Notional amount	Carrying amount of hedging instruments assets	Carrying amount of hedging instruments liabilities	Weighted average contract / strike price of the hedging instrument (Rupees)	Rs. in Lakh)
					Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness profit / (loss)
INR USD - Forward exchange contracts	83,210	-	1,465	80.98	(1,465)
INR JPY - Forward exchange contracts	96,278	-	13,639	0.82	(13,639)
INR USD - Currency Swaps	36,615	-	1,304	76.07	(1,304)

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 (Rupees)	Rs. in Lakh)
					Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness profit / (loss)
INR USD - Forward exchange contracts	87,190	5,413	-	80.98	5,413
INR JPY - Forward exchange contracts	1,01,319	260	801	0.82	(541)

## 6 Derivative financial instruments (Continued)

### Hedged item

As at March 31, 2021				Rs. in Lakh)	
PARTICULARS	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cost of hedge reserve as at (Rs. in lakh)	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve	
FCY Term Loans	(1,258)	(17,796)	-	-	

As at March 31, 2020				Rs. in Lakh)	
PARTICULARS	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cost of hedge reserve as at (Rs. in lakh)	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve	
FCY Term Loans	(8,600)	(3,728)	-	-	

### 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, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Forward exchange contracts and Currency swaps	(13,939)	(3,728)	-	-

### 6.3 Movements in the cost of hedge reserve are as follows:

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	(587)	-
Effective portion of changes in fair value Currency Swap	(1,304)	-
Effective portion of changes in fair value Interest rate risk	730	(2,488)
Effective portion of changes in fair value Interest rate Cap	36	(92)
Effective portion of changes in fair value foreign currency risk	(19,977)	4,873
Foreign currency translation differences	7,342	(8,600)
Foreign currency translation differences on interest	(130)	-
Amortisation of forward premium	11,257	5,523
Tax on movements on reserves during the year	515	197
<b>Closing Balance</b>	<b>(2,118)</b>	<b>(587)</b>

All hedges are 100% effective i.e. there is no ineffectiveness (refer note 35(ii))

### 6.4 Average fixed interest rate:

- Interest rate swap: 2.74%
- Cross currency swap: 6.12%
- Interest rate cap: 0.70%

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 7. LOANS

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>LOANS</b>		
<b>(A)</b>		
<b>- Amortised Cost</b>		
(i) Bills purchased and bills discounted	1,18,666	42,008
(ii) Term loans	40,75,020	41,15,678
(iii) Credit substitutes (refer note 7(a) below)	1,72,320	1,79,530
(iv) Finance lease and hire purchase	92,515	78,072
(v) Retained portion of assigned loans	1,658	2,252
(vi) Loan to TCL employee welfare trust	6,536	6,286
<b>- At Fair Value through Other Comprehensive Income</b>		
- Term loans	4,649	4,234
<b>- At Fair Value through Profit and Loss</b>		
- Credit substitutes (refer note 7(a) below)	1,000	1,000
<b>Gross Loans</b>	<b>44,72,364</b>	<b>44,29,060</b>
<b>Less : Impairment loss allowance</b>		
- Stage I & II	82,941	73,645
- Stage III	94,077	82,714
<b>Loans net of impairment loss allowance</b>	<b>42,95,346</b>	<b>42,72,701</b>
Add: Unamortised loan sourcing costs	8,004	13,408
Less : Revenue received in advance	(19,522)	(23,652)
<b>Total (A)</b>	<b>42,83,828</b>	<b>42,62,457</b>
<b>(B)</b>		
(i) Secured by tangible assets	25,98,028	24,89,657
(ii) Secured by intangible assets	-	-
(iii) Covered by bank / government guarantees	-	-
(iv) Unsecured	18,74,336	19,39,403
<b>Gross Loans</b>	<b>44,72,364</b>	<b>44,29,060</b>
<b>Less : Impairment loss allowance</b>		
- at amortised cost		
- Stage I & II	82,941	73,645
- Stage III	94,077	82,714
<b>Loans net of impairment loss allowance</b>	<b>42,95,346</b>	<b>42,72,701</b>
Add: Unamortised loan sourcing costs	8,004	13,408
Less : Revenue received in advance	(19,522)	(23,652)
<b>Total (B)</b>	<b>42,83,828</b>	<b>42,62,457</b>
<b>(C)</b>		
<b>(I) Loans in India</b>		
(i) Public sector	-	-
(ii) Others	44,72,364	44,29,060
<b>Gross Loans</b>	<b>44,72,364</b>	<b>44,29,060</b>
<b>Less : Impairment loss allowance</b>		
- at amortised cost		
- Stage I & II	82,941	73,645
- Stage III	94,077	82,714
<b>Loans net of impairment loss allowance</b>	<b>42,95,346</b>	<b>42,72,701</b>
Add: Unamortised loan sourcing costs	8,004	13,408
Less : Revenue received in advance	(19,522)	(23,652)
<b>Total (C) (I)</b>	<b>42,83,828</b>	<b>42,62,457</b>
<b>(II) Loans outside India</b>		
(i) Public sector	-	-
(ii) Others	-	-
<b>Total - Loans outside India</b>	<b>-</b>	<b>-</b>
<b>Total (C) (I + II)</b>	<b>42,83,828</b>	<b>42,62,457</b>

7. a. Investments in bonds, debentures and other financial instruments which, in substance, form a part of the Group's financing activities ("Credit Substitutes") have been classified under Loans . In the past these were classified as a part of Investments. Management believes that the classification results in a better presentation of the substance of these investments and is in alignment with regulatory filings.
7. b. Impairment allowance towards loan designated as FVTOCI amounting to Rs. 18 lakh (as on March 31, 2020 : Rs. 20 lakh)
7. c. Impairment loss allowance includes impairment loss allowance on loans under fair value through profit and loss Rs. 4 lakh (As on March 31, 2020 : Rs 5 lakh)
7. d. Loans given to related parties Rs. 60,606 lakh (as on March 31, 2020 : Rs. 60,606 lakh).
7. e. The details of Gross investments and unearned finance income in respect of assets given under finance lease are as under:

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>Gross Investments:</b>		
- Within one year	37,680	27,370
- Later than one year and not later than five years	51,217	52,656
- Later than five years	717	1,288
<b>Total</b>	<b>89,614</b>	<b>81,314</b>
<b>Unearned Finance Income:</b>		
- Within one year	10,935	6,282
- Later than one year and not later than five years	4,261	8,676
- Later than five years	25	97
<b>Total</b>	<b>15,221</b>	<b>15,055</b>
<b>Present Value of Rentals *:</b>		
- Within one year	26,745	21,088
- Later than one year and not later than five years	46,956	43,980
- Later than five years	692	1,191
<b>Total</b>	<b>74,394</b>	<b>66,259</b>

\* Present Value of Rentals represent the Current Future Outstanding Principal.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 8. INVESTMENTS

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>Investments in India</b>		
<b>(A) Investments carried at fair value through profit or loss</b>		
Fully paid equity shares (quoted)	10,980	9,042
Fully paid equity shares (unquoted)	3,689	3,356
Mutual and other funds (quoted)	-	50
Mutual and other funds (unquoted)	1,602	1,547
Security receipts	90	419
<b>(B) Investments carried at Amortised Cost</b>		
Investment in Government Securities	21,347	-
Investment in Treasury Bills	89,056	-
	1,26,764	14,414
<b>(C) Investments carried at cost</b>		
<b>Associates companies</b>		
Fully paid equity shares (unquoted)	5,569	6,261
Less: Diminution in value of investments	1,535	1,535
Net Carrying value of investments	4,034	4,726
<b>Total Investments</b>	1,30,798	19,140

The market value of quoted investment is equal to the book value.

Note : There are no investments outside India.



# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 9. OTHER FINANCIAL ASSETS

PARTICULARS	As at	
	March 31, 2021	March 31, 2020
(a) Security deposits	6,429	6,747
(b) Advances recoverable from related parties	612	448
(c) Pass Through Certificate application money (refundable)	6,060	-
(d) Receivable on sale/redemption of investment	162	162
Less : Provision for receivable on sale/redemption of investment	(162)	(162)
Net receivable on sale/redemption of investment	-	-
(e) Income accrued but not due	8,113	6,888
(f) Advances to employees	73	309
(g) Receivable under letter of credit/buyer's credit facility	37,255	29,369
Less : Provision for letter of credit/buyer's credit facility	149	135
Net receivable under letter of credit/buyer's credit facility	37,106	29,234
(h) Receivable from Government of India towards Ex-gratia	2,377	-
(i) Other receivables	1,523	896
<b>Total</b>	<b>62,293</b>	<b>44,522</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 10. PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block					Accumulated depreciation and amortisation				Net Carrying Value	
	Opening balance as at April 1, 2020	Additions/ Adjustments	Deletions	Written off during the year*	Closing balance as at March 31, 2021	Opening balance as at April 1, 2020	Depreciation/ Amortisation for the year **	Deletions/ Adjustments	Closing balance as at March 31, 2021	As at March 31, 2021	As at March 31, 2021
<b>TANGIBLE ASSETS</b>											
Buildings #	3,677	-	-	-	3,677	600	199	-	799		2,878
	3,677	-	-	-	3,677	400	200	-	600		3,077
Leasehold Improvements	2,436	102	106	77	2,355	1,292	305	117	1,480		875
	2,253	280	97	-	2,436	993	389	90	1,292		1,144
Furniture & Fixtures	888	17	24	167	714	421	85	109	397		317
	767	147	26	-	888	256	177	12	421		467
Computer Equipment	4,519	365	28	3	4,853	2,428	1,026	29	3,425		1,428
	3,624	1,003	105	3	4,519	1,446	1,088	106	2,428		2,091
Office Equipment	1,287	47	43	175	1,116	687	238	140	785		331
	1,025	288	26	-	1,287	420	282	15	687		600
Plant & Machinery	233	-	6	28	199	126	34	24	136		63
	240	-	7	-	233	91	40	5	126		107
Vehicles	570	261	272	-	559	255	137	202	190		369
	462	223	113	2	570	213	139	97	255		315
<b>ASSETS GIVEN UNDER OPERATING LEASE/RENTAL</b>											
Construction Equipment	15,684	-	5,587	-	10,097	10,314	1,594	2,753	9,155		942
	15,146	2,356	1,818	-	15,684	5,290	6,318	1,294	10,314		5,370
Vehicles	3,937	1,339	1,271	15	3,990	2,852	396	722	2,526		1,464
	4,256	406	725	-	3,937	1,801	1,447	396	2,852		1,085
Plant & Machinery	76,490	8,462	6,078	-	78,874	29,229	13,770	4,887	38,112		40,762
	65,174	12,839	1,468	55	76,490	16,692	13,907	1,370	29,229		47,261
Computer Equipment	26,508	5,715	3,926	-	28,297	13,191	6,224	3,372	16,043		12,254
	19,827	10,507	3,826	-	26,508	11,041	5,501	3,351	13,191		13,317
Furniture & Fixtures	1,310	-	379	-	931	767	254	308	713		218
	1,166	299	149	6	1,310	572	340	145	767		543
Office Equipments	2,856	-	102	-	2,754	1,322	697	66	1,953		801
	3,532	233	899	10	2,856	1,438	759	875	1,322		1,534
Railway Wagons	15,010	-	-	-	15,010	8,081	2,751	-	10,832		4,178
	15,010	-	-	-	15,010	5,331	2,750	-	8,081		6,929
Electrical Installation & Equipments	2,051	37	11	-	2,077	970	462	6	1,426		651
	1,847	209	3	2	2,051	535	439	4	970		1,081
<b>TANGIBLE ASSETS - TOTAL</b>	<b>1,57,456</b>	<b>16,345</b>	<b>17,833</b>	<b>465</b>	<b>1,55,503</b>	<b>72,535</b>	<b>28,172</b>	<b>12,735</b>	<b>87,972</b>		<b>67,531</b>
	1,38,006	28,790	9,262	78	1,57,456	46,519	33,776	7,760	72,535		84,921

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 10. PROPERTY, PLANT AND EQUIPMENT (Continued)

(Rs. in lakh)

Particulars	Gross Block				Accumulated depreciation and amortisation				Net Carrying Value	
	Opening balance as at April 1, 2020	Additions/ Adjustments	Deletions	Written off during the year*	Closing balance as at March 31, 2021	Opening balance as at April 1, 2020	Depreciation/ Amortisation for the year	Deletions/ Adjustments	Closing balance as at March 31, 2021	As at March 31, 2021
<b>INTANGIBLE ASSETS (other than internally generated)</b>										
Goodwill	-	-	-	-	-	-	-	-	-	-
Software	3,545	587	-	-	4,132	1,509	605	-	2,114	2,018
	<i>3,129</i>	<i>421</i>	<i>5</i>	-	<i>3,545</i>	<i>950</i>	<i>564</i>	<i>5</i>	<i>1,509</i>	<i>2,036</i>
<b>INTANGIBLE ASSETS - TOTAL</b>	<b>3,545</b>	<b>587</b>	<b>-</b>	<b>-</b>	<b>4,132</b>	<b>1,509</b>	<b>605</b>	<b>-</b>	<b>2,114</b>	<b>2,018</b>
	<i>3,129</i>	<i>421</i>	<i>5</i>	-	<i>3,545</i>	<i>950</i>	<i>564</i>	<i>5</i>	<i>1,509</i>	<i>2,036</i>
<b>Total</b>	<b>1,61,001</b>	<b>16,932</b>	<b>17,833</b>	<b>465</b>	<b>1,59,635</b>	<b>74,044</b>	<b>28,777</b>	<b>12,735</b>	<b>90,086</b>	<b>69,549</b>
	<i>1,41,135</i>	<i>29,211</i>	<i>9,267</i>	<i>78</i>	<i>1,61,001</i>	<i>47,469</i>	<i>34,340</i>	<i>7,765</i>	<i>74,044</i>	<i>86,957</i>

Figures in italics relate to March 31, 2020

# Immovable property having net carrying value amounting to Rs. 21 lakh is hypothecated against borrowings, refer notes 14.1 and 35(B)(iii).

\*\* Total depreciation charged for the year in the Statement of Profit and Loss includes depreciation on Right to use assets. Depreciation on right to use assets for the year is Rs. 3,197 lakh (Previous year : Rs. 2,839 lakh)

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

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

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) Capital advances	3,037	15,650
(b) Prepaid expenses	1,089	1,227
(c) Gratuity asset (Net)	436	-
(d) Balances with government authorities	11,211	11,419
(e) Assets held-for-sale	3,056	4,433
Less : Provision for receivable on sale/redemption of investment	3,056	4,433
Net asset held-for-sale	-	-
(f) Other advances	204	329
<b>Total</b>	<b>15,977</b>	<b>28,625</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 12. (i) INCOME TAXES

#### CURRENT TAX ASSET (NET)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Advance tax and tax deducted at source (net of provision for tax Rs. 70,861 lakh (Previous year: Rs. 135,653))	11,551	12,703
<b>Total</b>	<b>11,551</b>	<b>12,703</b>

#### A The income tax expense consist of the following:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Current tax:</b>		
Current tax expense for the year	20,240	20,082
Current tax benefit pertaining to prior years	-	(398)
	<u>20,240</u>	<u>19,684</u>
<b>Deferred tax (benefit)/charge</b>		
Origination and reversal of temporary differences	(5,434)	(3,939)
Change in tax rates	-	18,144
	<u>(5,434)</u>	<u>14,205</u>
<b>Total income tax expense recognised in the year</b>	<b>14,805</b>	<b>33,889</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, 2021	For the year ended March 31, 2020
Profit before income taxes	82,266	45,245
Indian statutory income tax rate	25.168%	25.168%
Expected income tax expense	20,705	11,386
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:</b>		
Income exempt from tax	-	(148)
Non deductible expenses	377	4,505
Provision for loss disallowed in earlier years, allowed on realization in the current year	(3,604)	-
Income not taxable	(2,944)	-
Tax on income at different rates	-	-
Change in tax rates	-	18,144
Current year capital loss on which no deferred tax is created	212	-
<b>Total income tax expense</b>	<b>14,746</b>	<b>33,887</b>

#### Note:

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

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 12. (i) INCOME TAXES

#### B. Amounts recognised in OCI

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of defined benefit liability (asset)	804	(202)	602	(775)	195	(580)
<b>Items that are or may be reclassified subsequently to profit or loss</b>						
Fair value gain on Financial Assets carried at FVTOCI	161	(41)	120	(258)	65	(193)
The effective portion of gains and loss on hedging instruments in a cash flow hedge	(2,047)	515	(1,532)	(784)	197	(587)
<b>Total</b>	<b>(1,082)</b>	<b>272</b>	<b>(810)</b>	<b>(1,817)</b>	<b>457</b>	<b>(1,360)</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 12. (ii) DEFERRED TAX ASSET

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

Particulars	Opening Balance	Recognised / (reversed) through profit and loss	Change in Tax Rate	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
<b>Deferred Tax Assets :-</b>						
(a) Impairment loss allowance - Stage III	19,767	2,837	-	-	-	22,604
(b) Impairment loss allowance - Stage I & II	18,949	2,206	-	-	-	21,155
(d) Employee benefits	376	(27)	-	-	-	349
(e) Deferred income	6,132	(1,305)	-	-	-	4,827
(f) Other deferred tax assets	1,728	(114)	-	-	-	1,614
(g) Depreciation on property, plant, equipment & intangibles	4,656	1,708	-	-	-	6,364
(h) Right to use asset	543	110	-	-	-	653
(i) OCI - cash flow hedge	197	-	-	-	515	712
<b>Deferred Tax Liabilities :-</b>						
(a) Debenture issue expenses	(1,563)	455	-	-	-	(1,108)
(b) Investments measured at fair value	(62)	(434)	-	-	-	(496)
(c) Loans measured at FVTOCI	65	-	-	-	(41)	24
<b>Net Deferred Tax Asset</b>	<b>50,788</b>	<b>5,435</b>	<b>-</b>	<b>-</b>	<b>475</b>	<b>56,698</b>

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

Particulars	Opening Balance	Recognised / reversed through profit and loss	Change in Tax Rate	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
<b>Deferred Tax Assets :-</b>						
(a) Impairment loss allowance - Stage III	30,872	(2,469)	(8,636)	-	-	19,767
(b) Impairment loss allowance - Stage I & II	20,406	4,252	(5,709)	-	-	18,949
(d) Employee benefits	444	56	(124)	-	-	376
(e) Deferred income	9,728	(874)	(2,722)	-	-	6,132
(f) Other deferred tax assets	2,744	(248)	(768)	-	-	1,728
(g) Depreciation on property, plant, equipment & intangibles	2,810	2,632	(786)	-	-	4,656
(h) Right to use asset	-	137	-	406	-	543
(i) OCI - cash flow hedge	-	-	-	-	197	197
<b>Deferred Tax Liabilities :-</b>						
(a) Debenture issue expenses	(2,150)	(14)	601	-	-	(1,563)
(b) Investments measured at fair value	(530)	468	-	-	-	(62)
(c) Loans measured at FVTOCI*	0	0	0*	0	65	65
<b>Net Deferred Tax Asset</b>	<b>64,324</b>	<b>3,940</b>	<b>-18,144</b>	<b>406</b>	<b>262</b>	<b>50,788</b>

\* Amount less than Rs. 50,000.

Gross deferred tax assets and liabilities are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Deferred Tax Assets :-</b>		
(a) Impairment loss allowance - Stage III	22,604	19,767
(b) Impairment loss allowance - Stage I & II	21,155	18,949
(d) Employee benefits	349	376
(e) Deferred income	4,827	6,132
(f) Other deferred tax assets	1,614	1,728
(g) Depreciation on property, plant & equipment	6,364	4,656
(h) Right to use asset	653	543
(i) OCI - cash flow hedge	712	197
<b>Deferred Tax Liabilities :-</b>		
(a) Debenture issue expenses	(1,108)	(1,563)
(c) Fair value of investments	(496)	(62)
(d) Loans measured at FVTOCI	24	65
<b>Net Deferred Tax Asset</b>	<b>56,698</b>	<b>50,788</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 13. TRADE PAYABLES

#### (i). Total outstanding dues of creditors other than micro enterprises and small enterprises

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) Others		
(i) Accrued expenses	31,779	25,669
(ii) Payable to related parties	-	-
(iii) Payable to dealers/vendors/customer	31,409	19,768
(iv) Others	419	585
<b>Total</b>	<b>63,607</b>	<b>46,022</b>

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 Group. The amount of principal and interest outstanding during the year is given below :

#### (ii). Total outstanding dues of micro enterprises and small enterprises

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year *	81	50
(b) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-
<b>Total</b>	<b>81</b>	<b>50</b>

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



# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 14. DEBT SECURITIES

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>DEBT SECURITIES In India</b>		
<b>At amortised cost</b>		
<b>Secured</b>		
Privately Placed Non-Convertible Debentures (Refer note 14.1 below) [Net of unamortised discount of Rs. 5 lakh (March 31, 2020 : 17 lakh) and premium of Rs. 1,637 lakh (March 31, 2020 : Rs. 1,391 lakh)]	11,22,071	9,66,836
Public issue of Non-Convertible Debentures (Refer notes 14.2 below)	5,18,915	5,17,084
<b>Unsecured</b>		
(i) Privately Placed Non-Convertible Debentures	55,484	33,678
(ii) Commercial paper (Refer note 14.3 below) [Net of unamortised discount of Rs. 5,913 lakh (March 31, 2020 : Rs. 8,237 lakh)]	3,08,583	3,81,252
<b>DEBT SECURITIES Outside India</b>	-	-
<b>Total</b>	<b>20,05,053</b>	<b>18,98,850</b>

#### Notes

- 14.1. Privately Placed Non-Convertible Debentures are secured by pari passu charge on the specific immovable property, specified receivables arising out of loan, lease, hire purchase transactions and to the extent of shortfall in asset cover by a pari passu charge on the current assets of the Group.
- 14.2. Public issue of Non-Convertible Debentures are secured by a pari passu charge on the specific immovable property, receivables against unsecured loans, bills discounted and trade advances and other current assets of the Group.
- 14.3. Discount on commercial paper varies between 3.55 % to 5.90% (March 31, 2020 : 5.64 % to 8.02%) and are repayable at maturity ranging between 3 and 12 months from the date of respective commercial paper.
- 14.4. Of the above Public issue of Non-Convertible Debentures amounting to face value of Rs 500 lakh (March 31, 2020 : Rs 600 lakh) are held by related parties.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 14.5. Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2021

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2021*		As at March 31, 2020*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL NCD 'L' FY 2019-20	06-Mar-20	06-Mar-30	10,000	1,00,000	10,000	1,00,000
TCFSL NCD 'H' FY 2019-20	06-Nov-19	06-Nov-29	1,000	10,000	1,000	10,000
TCFSL NCD 'F' FY 2019-20 Option - I	20-Jun-19	20-Jun-29	2,730	27,300	2,730	27,300
TCFSL NCD 'F' FY 2019-20 Op-I Reissuance 1	19-Jul-19	20-Jun-29	1,000	10,000	1,000	10,000
TCFSL NCD 'H' FY 2018-19 - Option II	19-Dec-18	19-Dec-28	1,120	11,200	1,120	11,200
TCFSL NCD 'H' FY 2018-19 - Option II - 1 Reissuance on Premium	03-Jan-19	19-Dec-28	230	2,300	230	2,300
TCFSL NCD 'B' FY 2020-21 - Option II	29-Apr-20	29-Apr-25	400	4,000	-	-
TCFSL NCD 'E' FY 2019-20 Option - I	04-Jun-19	15-Jan-25	300	3,000	300	3,000
TCFSL NCD 'E' FY 2019-20 Option - I Reissuance 1	26-Feb-20	15-Jan-25	350	3,500	350	3,500
TCFSL NCD AF FY 2014-15-Option-I	08-Dec-14	08-Dec-24	600	6,000	600	6,000
TCFSL NCD AF FY 2014-15-Option-I	08-Dec-14	08-Dec-24	150	1,500	150	1,500
TCFSL NCD AA FY 2014-15	20-Nov-14	20-Nov-24	950	9,500	950	9,500
TCFSL NCD 'F' FY 2019-20 Option - II	20-Jun-19	20-Jun-24	885	8,850	885	8,850
TCFSL NCD 'F' FY 2019-20 Op-II Reissuance 1	10-Jul-19	20-Jun-24	1,000	10,000	1,000	10,000
TCFSL NCD 'D' FY 2019-20	27-May-19	27-May-24	2,180	21,800	2,180	21,800
TCFSL NCD 'K' FY 2020-21	30-Mar-21	29-Mar-24	4,250	42,500	-	-
TCFSL NCD 'H' FY 2018-19 - Option I	19-Dec-18	19-Dec-23	1,940	19,400	1,940	19,400
TCFSL NCD 'H' FY 2018-19 - Option I - 1 Reissuance on Premium	03-Jan-19	19-Dec-23	975	9,750	975	9,750
TCFSL NCD 'H' FY 2018-19 - Option I - 2 Reissuance on Premium	15-Feb-19	19-Dec-23	300	3,000	300	3,000
TCFSL NCD 'H' FY 2018-19 - Option II - 2 Reissuance on Premium	15-Feb-19	19-Dec-23	550	5,500	550	5,500
TCFSL NCD 'I' FY 2020-21	31-Dec-20	30-Nov-23	10,000	1,00,000	-	-
TCFSL NCD 'G' FY 2020-21	28-Jul-20	28-Jul-23	1,250	12,500	-	-
TCFSL NCD 'F' FY 2020-21	14-Jul-20	14-Jul-23	500	5,000	-	-
TCFSL NCD 'F' FY 2020-21 Discount Reissuance 1	20-Jul-20	14-Jul-23	3,500	35,000	-	-
TCFSL NCD 'A' FY 2020-21	21-Apr-20	19-May-23	9,250	92,500	-	-
TCFSL NCD 'B' FY 2020-21 - Option I	29-Apr-20	28-Apr-23	750	7,500	-	-
TCFSL NCD 'J' FY 2020-21	17-Mar-21	17-Mar-23	3,000	30,000	-	-
TCFSL NCD 'P' FY 2017-18	22-Jan-18	20-Jan-23	480	4,800	480	4,800
TCFSL NCD 'P' FY 2017-18 Reissuance no 1	12-Feb-20	20-Jan-23	1,250	12,500	1,250	12,500
TCFSL Market Link NCD Tranche 'B' FY 2018-19	20-Mar-19	05-Dec-22	2,500	25,000	2,500	25,000
TCFSL Market Linked Tranche 'B' 2018-19 Reissuance 1	20-Sep-19	05-Dec-22	50	500	50	500
TCFSL NCD 'H' FY 2020-21	01-Dec-20	01-Dec-22	4,000	40,000	-	-
TCFSL NCD 'D' FY 2020-21	17-Jun-20	23-Sep-22	1,500	15,000	-	-
TCFSL NCD 'D' FY 2020-21 Premium Reissuance 1	27-Aug-20	23-Sep-22	4,000	40,000	-	-
TCFSL NCD 'AH' FY 2012-13	05-Sep-12	05-Sep-22	500	5,000	500	5,000
TCFSL NCD 'B' FY 2019-20	14-May-19	06-Jul-22	210	2,100	210	2,100
TCFSL NCD 'B' FY 2019-20 Reissuance 1 on Par Premium	23-Feb-21	06-Jul-22	2,000	24,174	-	-
TCFSL NCD 'I' FY 2018-19	03-Jan-19	10-Jun-22	400	4,000	400	4,000
TCFSL NCD 'I' FY 2018-19 Reissuance no 1	27-Sep-19	10-Jun-22	100	1,000	100	1,000
TCFSL NCD 'I' FY 2019-20	10-Dec-19	10-Jun-22	250	2,500	250	2,500
TCFSL NCD 'J' FY 2019-20	30-Jan-20	29-Apr-22	2,000	20,000	2,000	20,000
TCFSL NCD 'A' FY 2019-20	25-Apr-19	25-Apr-22	500	5,000	500	5,000
TCFSL Market Linked 'A' 2018-19 Tranche-III	27-Feb-19	14-Apr-22	137	1,370	137	1,370
TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 1	12-Mar-19	14-Apr-22	159	1,590	159	1,590
TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 2	26-Apr-19	14-Apr-22	100	1,000	100	1,000
TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 3	07-Jun-19	14-Apr-22	175	1,750	175	1,750
TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 4	05-Feb-20	14-Apr-22	200	2,000	200	2,000
TCFSL Market Linked NCD "A" Series 2018-19 Tranche III Reissuance 5	19-Aug-20	14-Apr-22	330	3,300	-	-
TCFSL NCD "D" FY 2018-19	22-Oct-18	08-Apr-22	1,120	11,200	1,120	11,200
TCFSL NCD "D" FY 2018-19 Further issue Annual Compounding Premiu	23-Jan-19	08-Apr-22	485	4,850	485	4,850
TCFSL NCD "AL" FY 2016-17	31-Mar-17	31-Mar-22	400	4,000	400	4,000
TCFSL NCD "N" FY 2018-19 - Option II	27-Mar-19	25-Mar-22	2,825	28,250	2,825	28,250
TCFSL NCD "I" FY 2017-18	20-Jul-17	28-Feb-22	750	7,500	750	7,500
TCFSL NCD "M" FY 2018-19	21-Feb-19	21-Feb-22	500	5,000	500	5,000
TCFSL NCD "K" FY 2017-18	16-Aug-17	14-Jan-22	750	7,500	750	7,500

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 14.6. Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2021 (Continued)

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2021*		As at March 31, 2020*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL NCD "AG" FY 2016-17	28-Dec-16	28-Dec-21	2,720	27,200	2,720	27,200
TCFSL NCD "E" FY 2020-21	25-Jun-20	28-Dec-21	1,850	18,500	-	-
TCFSL NCD "E" FY 2018-19	26-Oct-18	26-Oct-21	3,262	32,620	3,262	32,620
TCFSL NCD "G" FY 2019-20	27-Sep-19	13-Sep-21	500	5,000	500	5,000
TCFSL NCD "C" FY 2020-21	28-May-20	27-Aug-21	3,750	37,500	-	-
TCFSL NCD "C" FY 2020-21 Reissuance 1 on Par Premium	17-Jun-20	27-Aug-21	2,250	22,655	-	-
TCFSL Market Link NCD "A" FY 2019-20	02-Aug-19	02-Aug-21	344	3,440	344	3,440
TCFSL NCD "E" FY 2019-20 Option - II	04-Jun-19	04-Jun-21	1,080	10,800	1,080	10,800
TCFSL NCD "G" FY 2016-17	30-May-16	28-May-21	500	5,000	500	5,000
TCFSL Market Linked 'A' 2018-19 Tranche-II	27-Feb-19	14-Apr-21	1,175	11,750	1,175	11,750
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 1	12-Mar-19	14-Apr-21	385	3,850	385	3,850
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 2	29-Mar-19	14-Apr-21	260	2,600	260	2,600
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 3	26-Apr-19	14-Apr-21	60	600	60	600
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 4	07-Jun-19	14-Apr-21	425	4,250	425	4,250
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 5	28-Jun-19	14-Apr-21	100	1,000	100	1,000
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 6	13-Sep-19	14-Apr-21	465	4,650	465	4,650
TCFSL NCD "N" FY 2018-19 - Option I	27-Mar-19	26-Mar-21	-	-	5,250	52,500
TCFSL NCD "N" FY 2018-19 - Option I Reissuance 1 on Premium	04-Jun-19	26-Mar-21	-	-	1,500	15,000
TCFSL NCD "AB" FY 2015-16	21-Mar-16	19-Mar-21	-	-	100	1,000
TCFSL NCD "K" FY 2019-20	18-Feb-20	17-Mar-21	-	-	1,000	10,000
TCFSL NCD "AA" FY 2015-16	16-Mar-16	16-Mar-21	-	-	70	700
TCFSL NCD "O" FY 2017-18	12-Jan-18	22-Jan-21	-	-	750	7,500
TCFSL NCD "J" FY 2018-19	10-Jan-19	11-Jan-21	-	-	250	2,500
TCFSL NCD "X" FY 2015-16	16-Dec-15	16-Dec-20	-	-	100	1,000
TCFSL NCD "C" FY 2019-20	21-May-19	25-Aug-20	-	-	500	5,000
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I	27-Feb-19	14-Aug-20	-	-	1,448	14,480
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 1	12-Mar-19	14-Aug-20	-	-	102	1,020
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 2	28-Mar-19	14-Aug-20	-	-	340	3,400
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 3	04-Apr-19	14-Aug-20	-	-	100	1,000
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 4	30-Apr-19	14-Aug-20	-	-	491	4,910
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 5	15-May-19	14-Aug-20	-	-	250	2,500
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 6	28-May-19	14-Aug-20	-	-	525	5,250
TCFSL NCD "E" FY 2017-18	06-Jul-17	06-Aug-20	-	-	500	5,000
TCFSL NCD "K" FY 2018-19 - Option I	16-Jan-19	15-Jul-20	-	-	3,760	37,600
TCFSL NCD "G" FY 2017-18	12-Jul-17	10-Jul-20	-	-	250	2,500
TCFSL NCD "G" FY 2017-18 Reissuance on Discount	10-Apr-19	10-Jul-20	-	-	1,000	10,000
TCFSL NCD "U" FY 2016-17	26-Aug-16	01-Jul-20	-	-	150	1,500
TCFSL NCD "L" FY 2018-19	29-Jan-19	29-Jun-20	-	-	3,500	35,000
TCFSL NCD "G" FY 2018-19	30-Nov-18	26-Jun-20	-	-	1,300	13,000
TCFSL NCD "G" FY 2018-19 Further issue - I on Par Premium	10-Jan-19	26-Jun-20	-	-	300	3,047
TCFSL NCD "G" FY 2018-19 Further issue - II on Par Premium	23-Jan-19	26-Jun-20	-	-	1,490	15,185
TCFSL NCD "D" FY 2017-18	09-Jun-17	09-Jun-20	-	-	10,150	1,01,500
TCFSL NCD "E" FY 2015-16	05-May-15	05-May-20	-	-	3,300	33,000
<b>Total (A)</b>				<b>10,63,899</b>		<b>9,18,862</b>
Add : Interest accrued on borrowing				56,950		47,085
Add : Unamortised premium				1,637		1,392
<b>Total (B)</b>				<b>58,587</b>		<b>48,477</b>
Less : Unamortised borrowing cost				(410)		(486)
Less : Unamortised discount				(5)		(17)
<b>Total (C)</b>				<b>(415)</b>		<b>(503)</b>
<b>TOTAL (A+B+C)</b>				<b>11,22,071</b>		<b>9,66,836</b>

\*Coupon rate of "NCDs" outstanding as on March 31, 2021 varies from 5.00% to 9.85% ( March 31, 2020 : 6.60% to 9.85%)

Note: Information about the Group's exposure to interest rate risk, and liquidity risk is included in note 31B and 31C

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 14.7. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2021

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
SERIES III TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-27	92,48,14,000	9,248
SERIES III TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-27	6,00,39,35,000	60,039
SERIES II TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-24	97,71,40,000	9,771
SERIES II TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-24	3,40,91,75,000	34,092
TCFSL NCD Series II (2019)	27-Sep-18	27-Sep-23	7,68,789	7,688
TCFSL NCD Series II (2019)	27-Sep-18	27-Sep-23	1,45,70,710	1,45,707
SERIES I TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-22	96,61,34,000	9,661
SERIES I TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-22	7,52,25,82,000	75,226
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	5,02,863	5,029
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	1,41,77,673	1,41,777
				<b>4,98,238</b>
Add: Interest accrued on borrowing				23,607
Less: Unamortised borrowing cost				(2,930)
<b>Total</b>				<b>5,18,915</b>

Note : Coupon rate of above outstanding as on March 31, 2021 varies from 8.35% to 8.90%

### 14.8. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2020

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
SERIES III TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-27	92,48,14,000	9,248
SERIES III TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-27	6,00,39,35,000	60,039
SERIES II TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-24	97,71,40,000	9,771
SERIES II TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-24	3,40,91,75,000	34,092
TCFSL NCD Series II (2019)	27-Sep-18	27-Sep-23	7,68,789	7,688
TCFSL NCD Series II (2019)	27-Sep-18	27-Sep-23	1,45,70,710	1,45,707
SERIES I TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-22	96,61,34,000	9,661
SERIES I TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-22	7,52,25,82,000	75,226
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	5,02,863	5,029
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	1,41,77,673	1,41,777
				<b>4,98,238</b>
Add: Interest accrued on borrowing				23,661
Less: Unamortised borrowing cost				(4,815)
<b>Total</b>				<b>5,17,084</b>

Note : Coupon rate of above outstanding as on March 31, 2020 varies from 8.35% to 8.90%

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 14.9. Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2021

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
TCFSL Unsecured NCD Partly paid "A" FY 2019-20	23-Mar-20	23-Mar-35	1,000	20,000
TCFSL Unsecured NCD Partly paid "A" FY 2018-19	19-Mar-19	17-Mar-34	2,360	35,400
<b>TOTAL</b>				<b>55,400</b>
Add: Interest accrued on borrowing				151
Less: Unamortised borrowing cost				(67)
<b>Total</b>				<b>55,484</b>

Note : Coupon rate of above outstanding as on March 31, 2021 varies from 7.85% to 8.93%

### 14.10 Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2020

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
TCFSL Unsecured NCD Partly paid "A" FY 2019-20	23-Mar-20	23-Mar-35	1,000	10,000
TCFSL Unsecured NCD Partly paid "A" FY 2018-19	19-Mar-19	17-Mar-34	2,360	23,600
<b>TOTAL</b>				<b>33,600</b>
Add: Interest accrued on borrowing				94
Less: Unamortised borrowing cost				(16)
<b>Total</b>				<b>33,678</b>

Note : Coupon rate of above outstanding as on March 31, 2020 varies from 7.85% to 8.93%

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 15. BORROWINGS (OTHER THAN DEBT SECURITIES)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>At amortised cost</b>		
<b>(a) Term loans</b>		
<b>Secured - In India</b>		
From Banks (Refer note 15.1 below)	7,68,886	9,12,459
From Others (Refer note 15.1 below)	32,645	50,000
<b>Secured - Outside India</b>		
From Banks	2,10,536	1,79,171
<b>Unsecured - In India</b>		
From Banks	-	61,667
<b>(b) Loans repayable on demand</b>		
<b>Secured</b>		
<b>From Banks</b>		
(i) Working capital demand loan (Refer note 15.1 below)	3,15,754	4,09,000
(ii) Bank Overdraft (Refer note 15.1 below)	30,209	23,032
<b>Unsecured</b>		
<b>From Banks</b>		
(i) Working capital demand loan (Refer note 15.2 below)	20,000	2,200
<b>(c) Loan from related parties (unsecured)</b>		
- Inter corporate deposits from related parties (Refer notes 15.2 below) ( payable on demand)	1,15,502	58,627
<b>Total</b>	<b>14,93,532</b>	<b>16,96,156</b>

#### Note:

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

**15.2. Terms of repayment of borrowings and rate of interest:**

As per terms of agreements loan from banks aggregating Rs. 978,576 lakh (Previous Year: Rs. 1,154,508 lakh) are repayable at maturity ranging between 15 and 55 months from the date of respective loan. Rate of interest payable on term loans varies between 5.25 % to 7.75% (March 31, 2020 : 7.15 % to 9.25%).

As per terms of agreements loan from Others aggregating Rs. 32,500 lakh (Previous Year: Rs. 50,000 lakh) are repayable at maturity ranging between 12 and 29 months from the date of respective loan. Rate of interest payable on term loans varies between 6.20 % to 7.50%. (March 31, 2020 : 8.60 % to 8.60%).

Rate of interest payable on WCDL varies between 4.20 % to 7.85% (March 31, 2020 : 7.25 % to 8.85%) and Bank Overdraft varies between 7.45% to 8.55% (March 31, 2020 : 7.75% to 10.35%).

Rate of interest payable on Inter-corporate deposits varies between 8.42 % to 8.42% March 31, 2020 : 8.39 % to 8.39%).

**15.3.** The Group 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, 2021 and March 31, 2020.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 16. SUBORDINATED LIABILITIES

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>At amortised cost</b>		
<b>Unsecured</b>		
<b>Debentures</b>		
Non-Convertible Subordinated Debentures [Net of unamortised discount of Rs. 137 lakh (March 31, 2020 : Rs. 10 lakh) and premium of Rs. 132 lakh (March 31, 2020 : Rs. 110 lakh)]	2,43,474	2,12,828
Non-Convertible Perpetual Debentures	1,12,058	94,102
<b>Total</b>	<b>3,55,532</b>	<b>3,06,930</b>

**Note:**

1. Of the above Non-convertible perpetual debentures and Non-convertible subordinated amounting to face value of Rs. 22,880 lakh (Previous year : 12,500 lakh) are subscribed by related parties.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 16.1. Particulars of Subordinated unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2021

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2021*		As at March 31, 2020*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL Tier-II Bond "A" FY 2020-21	17-Sep-20	17-Sep-30	750	7,500	-	-
TCFSL Tier-II Bond "A" FY 2020-21 Premium Reissuance 1	13-Oct-20	17-Sep-30	1,250	12,500	-	-
TCFSL Tier-II Bond "A" FY 2020-21 Discount Reissuance 2	23-Mar-21	17-Sep-30	1,000	10,000	-	-
TCFSL Tier-II Bond "B" FY 2019-20	13-Nov-19	13-Nov-29	1,000	10,000	1,000	10,000
TCFSL Tier-II Bond "B" FY 2019-20 Premium Reissuance 1	03-Jan-20	13-Nov-29	700	7,000	700	7,000
SERIES IV TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-29	46,500	465	46,500	465
SERIES IV TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-29	17,26,973	17,270	17,26,973	17,270
TCFSL Tier-II Bond "A" FY 2019-20	16-Apr-19	16-Apr-29	200	2,000	200	2,000
TCFSL Tier II NCD "A" FY 2019-20 Discount Reissuance 1	13-Jun-19	16-Apr-29	650	6,500	650	6,500
TCFSL Tier II NCD "A" FY 2019-20 Premium Reissuance 2	26-Jun-19	16-Apr-29	1,000	10,000	1,000	10,000
TCFSL Tier II NCD "A" FY 2019-20 Premium Reissuance 3	29-Jul-19	16-Apr-29	295	2,950	295	2,950
TCFSL Tier-II Bond "A" FY 2018-19	28-Dec-18	28-Dec-28	2,000	20,000	2,000	20,000
TCFSL NCD Series III (2018)	27-Sep-18	27-Sep-28	2,95,490	2,955	2,95,490	2,955
TCFSL NCD Series III (2018)	27-Sep-18	27-Sep-28	34,18,488	34,185	34,18,488	34,185
TCFSL Tier-II Bond "B" FY 2016-17	26-Oct-16	26-Oct-26	150	1,500	150	1,500
TCFSL Tier-II Bond "A" FY 2016-17	11-Aug-16	11-Aug-26	2,000	20,000	2,000	20,000
TCFSL Tier II Bond 'B' FY 2015-16	30-Mar-16	30-Mar-26	2,000	20,000	2,000	20,000
TCFSL Tier II Bond 'A' FY 2015-16	22-Jul-15	22-Jul-25	900	9,000	900	9,000
TCFSL Tier II Bond 'D' FY 2014-15	31-Mar-15	31-Mar-25	2,000	20,000	2,000	20,000
TCFSL Tier II Bond 'C' FY 2014-15	30-Jan-15	30-Jan-25	750	7,500	750	7,500
TCFSL Tier II Bond 'B' FY 2014-15	07-Jan-15	07-Jan-25	350	3,500	350	3,500
TCFSL Tier II Bond 'A' FY 2014-15	26-Sep-14	25-Sep-24	1,000	10,000	1,000	10,000
<b>Total (A)</b>				<b>2,34,825</b>		<b>2,04,825</b>
Add: Interest accrued on borrowing				9,251		8,440
Add : Unamortised premium				132		110
<b>Total (B)</b>				<b>9,383</b>		<b>8,550</b>
Less: Unamortised borrowing cost				(597)		(537)
Less : Unamortised discount				(137)		(10)
<b>Total (C)</b>				<b>(734)</b>		<b>(547)</b>
<b>TOTAL (A+B+C)</b>				<b>2,43,474</b>		<b>2,12,828</b>

\*Note : Coupon rate of above outstanding as on March 31, 2021 varies from 7.60% to 10.15% (March 31, 2020: 8.45% to 10.15%)



# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 16.2. Particulars of Perpetual unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2021

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2021*		As at March 31, 2020*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL Perpetual 'B' FY 2020-21	19-Oct-20	19-Oct-30	750	7,500	-	-
TCFSL Perpetual 'A' FY 2020-21	30-Sep-20	30-Sep-30	1,000	10,000	-	-
TCFSL Perpetual 'D' FY 2017-18	26-Mar-18	26-Mar-28	1,000	10,000	1,000	10,000
TCFSL Perpetual 'D' FY 2017-18	26-Mar-18	26-Mar-28	250	2,500	250	2,500
TCFSL Perpetual 'C' FY 2017-18	11-Sep-17	11-Sep-27	930	9,300	930	9,300
TCFSL Perpetual 'B' FY 2017-18	14-Jul-17	14-Jul-27	500	5,000	500	5,000
TCFSL Perpetual 'A' FY 2017-18	21-Jun-17	21-Jun-27	500	5,000	500	5,000
TCFSL Perpetual 'C' FY 2016-17	08-Mar-17	08-Mar-27	400	4,000	400	4,000
TCFSL Perpetual 'B' FY 2016-17	13-Jan-17	13-Jan-27	100	1,000	100	1,000
TCFSL Perpetual 'A' FY 2016-17	30-Jun-16	30-Jun-26	500	5,000	500	5,000
TCFSL Perpetual 'E' FY 2015-16	23-Mar-16	23-Mar-26	1,000	10,000	1,000	10,000
TCFSL Perpetual 'D' FY 2015-16	09-Feb-16	09-Feb-26	1,000	10,000	1,000	10,000
TCFSL Perpetual 'C' FY 2015-16	02-Feb-16	02-Feb-26	500	5,000	500	5,000
TCFSL Perpetual 'B' FY 2015-16	06-Jan-16	06-Jan-26	500	5,000	500	5,000
TCFSL Perpetual 'A' FY 2015-16	16-Jul-15	16-Jul-25	1,000	10,000	1,000	10,000
TCFSL Perpetual 'A' FY 2013-14	27-Mar-14	27-Mar-24	1,871	9,355	1,871	9,355
TCL Perpetual 'D' FY 2011-12	07-Nov-11	07-Nov-21	5	25	5	25
TCL Perpetual 'C' FY 2011-12	28-Sep-11	28-Sep-21	10	50	10	50
TCL Perpetual 'B' FY 2011-12	08-Aug-11	08-Aug-21	61	305	61	305
TCL Perpetual 'A' FY 2011-12	05-May-11	05-May-21	20	100	20	100
TCL Perpetual B FY 2010-11	14-Jan-11	14-Jan-21	-	-	18	90
TCL Perpetual A FY 2010-11	15-Nov-10	15-Nov-20	-	-	15	75
<b>Total (A)</b>				<b>1,09,135</b>		<b>91,800</b>
Add: Interest accrued on borrowing				3,322		2,659
Less: Unamortised borrowing cost				(399)		(357)
				<b>1,12,058</b>		<b>94,102</b>

\*Note : Coupon rate of above outstanding as on March 31, 2021 varies from 8.10% to 11.25% (March 31, 2020: 8.61% to 11.25%)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Funds Raised through Perpetual Debt Instruments	17,500	-
Amount outstanding at the end of year	1,09,135	91,800
Percentage of amount of Perpetual Debt Instruments of the amount of Tier I Capital	15.87%	14.65%
Financial year in which interest on Perpetual Debt Instruments is not paid on account of 'Lock-In Clause'.	NA	NA

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 17. OTHER FINANCIAL LIABILITIES

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) Security deposit	44,084	43,711
(b) Payable for capital expenditure	2,173	2,905
(c) Advances from customers	2,463	1,304
(d) Accrued employee benefit expense	6,872	4,467
(e) Unclaimed matured debentures and accrued interest thereon	69	34
(f) Payable under letter of credit/buyer's credit facility	37,255	29,369
(g) Amounts payable - assigned loans	731	1,134
(h) Other Payables	-	262
<b>Total</b>	<b>93,647</b>	<b>83,186</b>

### 18. CURRENT TAX LIABILITIES (NET)

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
Provision for tax (net of advance tax Rs. 87,471 Lakh (Previous year : Rs. 12,143 Lakh)	20,316	7,744
<b>Total</b>	<b>20,316</b>	<b>7,744</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 19. PROVISIONS

<b>PARTICULARS</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
(a) Provision for gratuity	-	329
(b) Provision for compensated absences	1,386	1,492
(c) Provision for long-term service award	109	94
(d) Provision for off Balance Sheet exposure	1,048	1,591
<b>Total</b>	<b>2,543</b>	<b>3,506</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 20. OTHER NON-FINANCIAL LIABILITIES

PARTICULARS	As at March 31, 2021	As at March 31, 2020
(a) Statutory dues	5,199	3,898
(b) Revenue received in advance	980	897
(c) Others	779	853
<b>Total</b>	<b>6,958</b>	<b>5,648</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 21. SHARE CAPITAL

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
<b>AUTHORISED</b>		
2,500,000,000 (March 31, 2020: 2,500,000,000 shares) Equity shares of Rs.10 each	2,50,000	2,50,000
3,000,000,000 (March 31, 2020: 3,000,000,000 shares) Preference shares of Rs.10 each	3,00,000	3,00,000
	<b>5,50,000</b>	<b>5,50,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
1,629,931,981 (March 31, 2020: 1,629,931,981 shares ) Equity shares of Rs.10 each fully paid up	1,62,993	1,62,993
<b>Total</b>	<b>1,62,993</b>	<b>1,62,993</b>

#### 21. (a). Reconciliation of number of equity shares outstanding

Particulars	No. of shares	Rs. in lakh
<b>Equity Shares</b>		
Opening balance as on April 01, 2019	1,37,55,61,658	1,37,556
Conversion of Compulsorily Convertible Cumulative Preference share	22,46,40,272	22,464
Additions during the year	2,97,30,051	2,973
Closing Balance as on March 31, 2020	<b>1,62,99,31,981</b>	<b>1,62,993</b>
Additions during the year	-	-
<b>Closing Balance as on March 31, 2021</b>	<b>1,62,99,31,981</b>	<b>1,62,993</b>

#### 21. (b). Rights, preferences and restrictions attached to shares

Equity Shares : The Group has one class of equity shares having a face value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of 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 Group after distribution of all preferential amounts, in proportion to their shareholding. Tata Sons Limited is the ultimate holding Group.

#### 21. (c). Investment by Tata Capital Limited (Holding Group). The entire share capital is held by Tata Capital Limited and its nominees.

Name of Group	Particulars of issue	No. of shares	Rs. in lakh
Tata Capital Limited (Holding Group) Equity Shares	Opening Balance as on April 1, 2019	1,37,55,61,658	1,37,556
	Add: Conversion of Compulsorily Convertible Cumulative Preference share	22,46,40,272	22,464
	Add: Additions during the year	2,97,30,051	2,973
	Closing Balance as on March 31, 2020	<b>1,62,99,31,981</b>	<b>1,62,993</b>
	Add: Additions during the year	-	-
	<b>Closing Balance as on March 31, 2021</b>	<b>1,62,99,31,981</b>	<b>1,62,993</b>

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

21. (e). There are no shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 22. OTHER EQUITY

PARTICULARS	As at March 31, 2021	As at March 31, 2020
(a) Securities Premium Account	3,34,897	3,34,897
(b) Debenture Redemption Reserve	30,000	30,000
(c) Special Reserve Account	64,613	51,073
(d) Surplus in Statement of Profit and Loss	81,506	42,584
(e) Other Comprehensive Income		
(i) Fair value gain on Financial Assets carried at FVTOCI	145	25
(ii) The effective portion of gains and loss on hedging instruments in a cost of hedge	(2,118)	(587)
(iii) Remeasurement of defined employee benefit plans	(287)	(889)
(iv) Share in other comprehensive income of Associates	18	16
(f) Share options outstanding account	470	495
(g) General Reserve	1,184	856
<b>Total</b>	<b>5,10,428</b>	<b>4,58,470</b>

During the year ended March 31, 2021, the Group has declared and paid, an interim dividend for financial year 2020-21 on Equity Shares aggregating to Rs. 14,995 lakh (Previous year Rs. 4,890 lakh) and dividend distribution tax thereon of Rs. Nil (Previous year: Rs. 1,005 lakh).

#### Nature and Purpose of Reserves

As part of the qualitative disclosure, Group is required to present disclosures as required by Para 79 of Ind AS 1- i.e. Nature and purpose of each reserve.

Sr. No.	Particulars	Nature and purpose of Reserves
1	Securities Premium Account	Premium received upon issuance of equity shares
2	Debenture Redemption Reserve	As per section 71(4) of the Companies Act 2013, created out of the profits of the Group available for payment of dividend and credited to such account, shall not be utilised except for redemption of debentures
3	Special Reserve Account/Statutory Reserve	As prescribed by section 45-IC of the Reserve Bank of India Act, 1934. No appropriation of any sum from the reserve fund shall be made by the Group except for the purpose as may be specified by RBI from time to time.
4	Surplus in profit and loss account	Created out of accretion of profits.
5	General Reserve	Created upon employees stock options that expired unexercised or upon forfeiture of options granted.
6	Share Options Outstanding Account	Created upon grant of Holding Group options to employees.
7	Other Comprehensive Income	Created on account of items measured through other comprehensive income

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 23. INTEREST INCOME

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>On Financial Assets measured at Amortised Cost</b>		
(a) Interest on loans and credit substitutes	5,22,652	5,45,340
(b) Interest income from investments	1,139	-
(C) Interest income on deposits with banks	1,401	365
<b>On Financial Assets measured at fair value through OCI</b>		
- Interest on loans and credit substitutes	256	1,370
<b>On Financial Assets measured at fair value through profit and loss</b>		
- Interest on loans and credit substitutes *	110	-
<b>Total</b>	<b>5,25,558</b>	<b>5,47,075</b>

\* Amount less than Rs. 50,000.

### 24. DIVIDEND INCOME

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Dividend income	1	590
<b>Total</b>	<b>1</b>	<b>590</b>

### 25. RENTAL INCOME

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Rental Income	37,036	38,606
Branch co-sharing income	1,047	1,273
<b>Total</b>	<b>38,083</b>	<b>39,879</b>

### 26. FEES AND COMMISSION INCOME

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>On Financial Assets measured at Amortised Cost</b>		
(a) Foreclosure charges	5,230	6,006
(b) Fees on value added services and products	640	1,003
(c) Advisory Fees	734	1,394
(d) Others (valuation charges, PDD charges etc)	2,528	2,353
<b>Total</b>	<b>9,132</b>	<b>10,756</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 27. NET GAIN / (LOSS) ON FAIR VALUE CHANGES

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Net Gain / (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio	-	-
- Investments	-	-
- Derivatives	-	-
- Others	-	-
(ii) Others		
- On equity securities	13,718	(15,208)
- On other financial securities	4,906	5,815
- On derivative contracts	-	-
(iii) Total Net gain/(loss) on fair value changes	<b>18,624</b>	<b>(9,393)</b>
(B) Fair value changes :		
-Realised	11,030	5,369
-Unrealised	7,594	(14,762)
Total Net gain/(loss) on fair value changes	<b>18,624</b>	<b>(9,393)</b>

### 28. OTHER INCOME

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Branch advertisement income	40	1,020
(b) Income from distribution of financial products	4,712	5,491
(c) Net (loss) / gain on derecognition of property, plant and equipment	(46)	671
(d) Interest on income tax refund	2,410	-
(e) Miscellaneous income	118	713
<b>Total</b>	<b>7,234</b>	<b>7,895</b>



# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 29. FINANCE COSTS

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>At amortised cost</b>		
(a) Interest on borrowings	1,12,242	1,22,282
(b) Interest on debt securities	1,26,362	1,30,908
(c) Interest on subordinated liabilities	28,886	30,707
(d) Interest on lease liabilities	806	906
(e) Other interest expense	484	802
(f) Dividend on compulsorily convertible cumulative preference shares (including dividend distribution tax thereon)	-	3,255
(g) Discounting Charges		
(i) On commercial paper	21,105	36,456
(ii) On debentures	-	357
<b>Total</b>	<b>2,89,885</b>	<b>3,25,673</b>

### 30. EMPLOYEE BENEFIT EXPENSES

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Salaries, wages and bonus	40,980	41,217
(b) Contribution to provident and other fund	1,646	1,766
(c) Staff welfare expenses	218	1,167
(d) Expenses related to post-employment defined benefit plans	664	491
(e) Share based payments to employees	303	386
<b>Total</b>	<b>43,811</b>	<b>45,027</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 31. Impairment of financial instruments

PARTICULARS	For the year ended March 31, 2021		For the year ended March 31, 2020	
<b>(I) Loans and credit substitutes</b>				
(a) Impairment loss allowance on loans (Stage III) - at amortised cost	92,818		69,745	
Less : Delinquency Support	(301)	92,517	(50)	69,695
(b) Write off - Loans and credit substitutes - at amortised cost	81,455		79,333	
Less : Provision reversal on write off	(81,455)	-	(79,333)	-
(c) Impairment loss allowance on loans (Stage I & II)				
- at amortised cost	8,766		16,875	
- at FVTOCI	(1)	8,765	20	16,895
		1,01,282		86,590
<b>(II) Trade receivables - at amortised cost</b>		12		(239)
<b>Total</b>		<b>1,01,294</b>		<b>86,351</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 32. OTHER OPERATING EXPENSES

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Advertisements and publicity	3,235	2,985
(b) Brand Equity and Business Promotion	1,666	1,600
(c) Corporate social responsibility cost	1,001	945
(d) Equipment hire charges	84	171
(e) Information technology expenses	11,050	10,933
(f) Insurance charges	1,312	1,085
(g) Incentive / commission/ brokerage	352	375
(h) Legal and professional fees	3,325	3,714
(i) Loan processing fees	1,087	2,200
(j) Printing and stationery	217	712
(k) Reversal of provision against assets held for sale	(466)	(746)
(l) Power and fuel	624	835
(m) Repairs and maintenance	287	297
(n) Rent	248	666
(o) Rates and taxes	89	134
(p) Service providers' charges	23,037	26,141
(q) Training and recruitment	263	522
(r) Communication cost	355	438
(s) Travelling and conveyance	1,377	2,823
(t) Directors fees,allowances and expenses	223	130
(u) Other expenses [Refer note 32(a) below]	332	412
<b>Total</b>	<b>49,698</b>	<b>56,372</b>

#### (a) Auditors' Remuneration (excluding taxes):

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit Fees	100	95
Tax Audit Fees	4	4
Other Services (includes out of pocket expenses) *	30	38
	<b>134</b>	<b>137</b>

(Auditors' remuneration is included in Other expenses)

\* Other Services include fees for certifications

#### (b) Expenditure in Foreign Currency

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Legal and professional fees	66	1,627
Commission paid	-	43
Information Technology Expenses	872	1,013
Other expenses	25	48
	<b>963</b>	<b>2,731</b>

#### (c) Corporate social responsibility expenses

(i) Gross amount required to be spent by the Group during the year was Rs. 1,001 lakh (Year ended March, 31, 2020 : 945 lakh)

(ii) Amount spent during the year on:

PARTICULARS	Paid	Yet to be paid	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	1,001	-	1,001

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 33. Employee benefit expenses

#### A. Defined contribution plans

##### 1) Superannuation Fund

The Group makes contribution towards superannuation fund, a defined contribution retirement plan for qualifying employees. The Superannuation fund is administered by superannuation fund set up as Trust by Tata Capital Limited ("the ultimate parent Group"). The Group is liable to pay to the superannuation fund to the extent of the amount contributed. The Group recognizes such contribution as an expense in the year of contribution. The Group has recognised Rs. 80 Lakh (Year ended 31 March 2020 Rs. 75 Lakh) for Superannuation Fund contributions in the Statement of Profit and Loss.

#### B. Defined benefit plan

##### 1) Provident Fund

The Group makes Provident Fund contributions, a defined benefit plan for qualifying employees. Under the Schemes, both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, except that the employer's contribution towards pension fund is paid to the Regional Provident Fund office, as specified under the law, are made to the provident fund set up as an irrevocable trust by Tata Capital Limited ("the ultimate parent Group"). The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Group. Hence the Group is 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. The total liability in respect of the interest shortfall of the Fund is determined on the basis of an actuarial valuation. The interest liability arising only to the extent of the aforesaid differential shortfalls is a defined benefit plan. There is no such shortfall as at March 31, 2021.

The Provident Fund contributions along with the interest shortfall if any are recognized as an expense in the year in which it is determined. The Group has recognised Rs. 1,567 Lakh (Year ended 31 March 2020 Rs. 1,691 Lakh) for Provident Fund contributions and Rs. Nil (Year ended 31 March 2020 Rs. Nil) for interest shortfalls in the Statement of Profit and Loss.

##### 2) Gratuity

The Group 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 Group provides gratuity for employees in India as per payment of Gratuity Act, 1972. The gratuity scheme for employees is as under:

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

There are no statutory minimum funding requirements for gratuity plans mandated in India. However, a Group 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 Group is expected to make regular contributions to the Trust. The fund is managed internally by the Group and the assets are invested as per the pattern prescribed under Rule 67 of Income Tax Rules, 1962. The asset allocation of the Trust is set by Trustees from time to time, taking into account the membership profile, the liquidity requirements of the plan and risk appetite of the plan sponsor as per the investment norms. Each year asset-liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and Contribution policies are integrated within this study.

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

1. Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
2. Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
3. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.
4. Investment risk : For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
5. Legislative risk : Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

#### The Group offers the following long term employee benefit schemes to its employees:

- i. Gratuity
- ii. Leave Liability

#### The following table sets out the funded / unfunded status of the defined benefit schemes and the amount recognised in the financial statements:

##### Movement in net defined benefit (asset) liability

##### a) Reconciliation of balances of Defined Benefit Obligations.

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Defined Obligations at the beginning of the year	4,488	-	3,815	-
Current service cost	635	-	547	-
Interest cost	274	-	252	-
Amalgamations / Acquisitions	(65)	-	(11)	-
a. Due to change in financial assumptions	(35)	-	284	-
b. Due to change in experience adjustments	(233)	-	225	-
c. Due to experience adjustments	-	-	-	-
Others (please specify below)	-	-	-	-
Benefits paid directly by the Group	(268)	-	(624)	-
	-	-	-	-
<b>Defined Obligations at the end of the year</b>	<b>4,795</b>	<b>-</b>	<b>4,488</b>	<b>-</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 33. Employee benefit expenses

#### b) Reconciliation of balances of Fair Value of Plan Assets

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Fair Value at the beginning of the year	4,159	-	3,760	-
Expected return on plan assets	536	-	(266)	-
Employer contributions	329	-	391	-
Amalgamations / Acquisitions	(65)	-	(11)	-
Others (please specify below)	-	-	-	-
Interest Income on Plan Assets	272	-	285	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>5,231</b>	<b>-</b>	<b>4,159</b>	<b>-</b>

#### c) Funded status

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Deficit of plan assets over obligations	-	-	-	-
Surplus of plan assets over obligations	435	-	(329)	-
Unrecognised asset due to asset ceiling	-	-	-	-
<b>Total</b>	<b>435</b>	<b>-</b>	<b>(329)</b>	<b>-</b>

#### d) Categories of plan assets

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Corporate bonds	1,041	-	893	-
Equity shares	325	-	240	-
Government securities	1,256	-	959	-
Insurer managed funds-ULIP Product	2,484	-	2,063	-
Cash	125	-	4	-
<b>Total</b>	<b>5,231</b>	<b>-</b>	<b>4,159</b>	<b>-</b>

#### e) Amount recognised in Balance sheet

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Present value of the defined benefit obligation	4,795	-	4,488	-
Fair value of plan assets	5,231	-	4,159	-
Unrecognised asset due to asset ceiling	-	-	-	-
Unrecognised past service costs	-	-	-	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>435</b>	<b>-</b>	<b>(329)</b>	<b>-</b>

#### f) Amount recognised in Statement of Profit and Loss

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Current Service Cost	635	-	547	-
Past Service cost	-	-	-	-
Interest Cost (net)	2	-	(33)	-
Curtailement cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Received from intra-group companies on transfer of employees	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial loss/(gain) recognised during the year	-	-	-	-
Others (please specify)	-	-	-	-
<b>Expenses for the year</b>	<b>637</b>	<b>-</b>	<b>514</b>	<b>-</b>

#### g) Amount recognised in OCI

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
a. Due to change in financial assumptions	(35)	-	284	-
b. Due to change in experience adjustments	(233)	-	225	-
c. Due to experience adjustments	-	-	-	-
d. (Return) on plan assets (excl. interest income)	(536)	-	266	-
e. Change in Asset Ceiling	-	-	-	-
<b>Total remeasurements in OCI</b>	<b>(804)</b>	<b>-</b>	<b>775</b>	<b>-</b>
<b>Total defined benefit cost recognised in P&amp;L and OCI</b>	<b>(168)</b>	<b>-</b>	<b>1,289</b>	<b>-</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 33. Employee benefit expenses

#### h) Expected cash flows for the following year

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Expected total benefit payments	6,975	6,624
Year 1	472	451
Year 2	483	438
Year 3	597	501
Year 4	656	617
Year 5	672	674
Next 5 years	4,095	3,942

#### i) Major Actuarial Assumptions

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount Rate (%)	6.40%	6.30%
Salary Escalation/ Inflation (%)	Non CRE: 8.25%, CRE & J Grade:6%	Non CRE: 8.25%, CRE & J Grade:6%
Expected Return on Plan assets (%)	6.40%	6.30%
Attrition		
Mortality Table	Indian assured lives Mortality (2006-08) (modified) Ult.	Indian assured lives Mortality (2006-08) (modified) Ult.
Medical cost inflation		
Disability	CRE and J Grade : 40%; Non CRE :Less than 5years 25% and more than 5 years 10%	CRE and J Grade : 40%; Non CRE :Less than 5years 25% and more than 5 years 10%
Withdrawal (rate of employee turnover)		
Retirement Age	60 years	60 years
Weighted Average Duration		
Guaranteed rate of return		
Estimate of amount of contribution in the immediate next year	472	451

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

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

#### i) Sensitivity analysis

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

	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(330)	375	(314)	357
Future salary growth (1% movement)	365	(329)	347	(312)
Others (Withdrawal rate 5% movement)	(305)	455	(293)	444

#### j) Provision for leave encashment

	March 31, 2021		March 31, 2020	
	Non current	Current	Non current	Current
Liability for compensated absences	1,078	267	1,112	342

Experience adjustments	Defined benefit obligation	Plan assets	Surplus/ (deficit)	Experience adjustments on plan liabilities	Experience adjustments on plan assets
<b>Funded</b>					
2020-21	4,795	5,231	435	233	536
2019-20	4,488	4,159	(329)	(225)	(266)
<b>Unfunded</b>					
2020-21	-	-	-	-	-
2019-20	-	-	-	-	-

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34 Fair values of financial instruments

See accounting policy in Note 2(iv).

#### A. Valuation models

The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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. For shorter tenure financial assets such as channel finance, the remaining tenure is assumed to be six months.

Derivatives held for risk management :

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

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34 Fair values of financial instruments (Continued)

See accounting policy in Note 2(iv).

#### B. Valuation framework

The Group has established a policy for the measurement of fair values addressing the requirement to independently verify the results of all significant fair value measurements. Specific controls include:

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

When third party information, such as valuation agency report is used to measure fair value, the Group 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.



# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34. Fair values of financial instruments

#### C. Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2021 is as follows:

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
<b>Financial Assets:</b>				
Cash and cash equivalents	-	-	1,00,316	1,00,316
Bank balances other than (a) above	-	-	109	109
Trade receivables	-	-	1,962	1,962
Loans including credit substitutes	1,000	4,649	42,78,179	42,83,828
Investments (Other than in Associate)	16,361	-	1,10,403	1,26,764
Other financial assets	-	-	62,293	62,293
<b>Total</b>	<b>17,361</b>	<b>4,649</b>	<b>45,53,262</b>	<b>45,75,272</b>
<b>Financial Liabilities:</b>				
Trade and other payables	-	-	63,688	63,688
Borrowings *	-	-	38,54,117	38,54,117
Right to use liabilities	-	-	8,092	8,092
Other financial liabilities	-	-	93,647	93,647
Derivative financial liabilities	-	18,222	-	18,222
<b>Total</b>	<b>-</b>	<b>18,222</b>	<b>40,19,544</b>	<b>40,37,766</b>

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

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

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
<b>Financial Assets:</b>				
Cash and cash equivalents	-	-	1,58,466	1,58,466
Other balances with banks	-	-	72	72
Trade receivables	-	-	4,060	4,060
Loans including credit substitutes	1,000	4,234	42,57,223	42,62,457
Investments (Other than in Associate)	14,414	-	-	14,414
Other financial assets	-	-	44,522	44,522
Derivative financial assets	-	5,674	-	5,674
<b>Total</b>	<b>15,414</b>	<b>9,908</b>	<b>44,64,343</b>	<b>44,89,665</b>
<b>Financial Liabilities:</b>				
Trade and other payables	-	-	46,072	46,072
Borrowings *	-	-	39,01,936	39,01,936
Right to use liabilities	-	-	9,427	9,427
Other financial liabilities	-	-	83,186	83,186
Derivative financial liabilities	-	3,381	-	3,381
<b>Total</b>	<b>-</b>	<b>3,381</b>	<b>40,40,621</b>	<b>40,44,002</b>

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

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34. Fair values of financial instruments (Continued)

#### C. Financial assets and liabilities (Continued)

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

As at March 31, 2021	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Mutual fund units	-	1,602	-	1,602
Equity Shares	10,980	-	3,689	14,669
Security Receipts	-	90	-	90
Loans including credit substitutes *	-	-	5,649	5,649
<b>Total</b>	<b>10,980</b>	<b>1,692</b>	<b>9,338</b>	<b>22,010</b>
<b>Financial Liabilities:</b>				
Derivative Financial Liabilities	-	18,222	-	18,222
<b>Total</b>	<b>-</b>	<b>18,222</b>	<b>-</b>	<b>18,222</b>

\* Loans including credit substitutes under level 3 includes investment in compulsorily convertible debentures.

As at March 31, 2020	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Mutual fund units	-	1,597	-	1,597
Equity Shares	9,042	-	3,356	12,398
Security Receipts	-	419	-	419
Loans	-	1,000	4,234	5,234
Derivative Financial Assets	-	5,674	-	5,674
<b>Total</b>	<b>9,042</b>	<b>8,690</b>	<b>7,590</b>	<b>25,322</b>
<b>Financial Liabilities:</b>				
Derivative Financial Liabilities	-	3,381	-	3,381
<b>Total</b>	<b>-</b>	<b>3,381</b>	<b>-</b>	<b>3,381</b>

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying Value	Fair value	Carrying Value	Fair value
<b>Financial Assets at amortised cost:</b>				
Loans including credit substitutes	42,78,179	43,33,534	42,57,223	42,68,847
Investments	1,10,404	1,10,792	-	-
<b>Total</b>	<b>43,88,583</b>	<b>44,44,326</b>	<b>42,57,223</b>	<b>42,68,847</b>
<b>Financial Liabilities at amortised cost:</b>				
Borrowings (includes debt securities and subordinated liabilities)	38,54,117	37,86,144	39,01,936	38,67,724
<b>Total</b>	<b>38,54,117</b>	<b>37,86,144</b>	<b>39,01,936</b>	<b>38,67,724</b>

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

Investment in associates:

The Group has elected to measure Investment in associates at cost and accordingly the requirement of disclosure of fair value of the instrument under Ind AS 107 does not apply.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 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.

T bills and Government securities are valued based on market quotes.

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.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34. Fair values of financial instruments (Continued)

D. The following table summarises valuation techniques used to determine fair value, fair value measurements using significant unobservable inputs ( level 3) and valuation inputs and relationship to fair value

Financial instruments	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at March 31, 2021	As at March 31, 2020				
Equity Shares - unquoted*	3,689	3,356	Level 3	Valuation is based on Net asset value method which is based on the asset and liabilities values as per the Latest financial statements of the investee Group and estimated earnings up to the reporting date	Forecast of annual revenue is based on the earnings for the latest reported financial year	The estimated fair value would increase (decrease) if the annual revenue growth were higher (lower)
Compulsorily Convertible Debenture	1,000	-	Level 3	Valuation is based on the transaction price due to illiquid nature of Investment and the immaterial option value.	Transaction price as on March 31, 2020 (Rs. 10 Lakh per Debenture)	Higher the discounting rate lower the fair value of loans
Loans - FVTOCI	4,649	4,234	Level 3	Discounted contractual cash flows.	Discounting rate of 10% (previous year : 10%) and future cash flows.	Higher the discounting rate lower the fair value of loans
<b>Financial instruments at FVTPL/FVTOCI (B)</b>	<b>9,338</b>	<b>7,590</b>				

Certain listed equity investments are carried at Nil value on account of low trading. Fair value of the unquoted equity investment received upon settlement of loan has been considered at Nil value as the Group is under going liquidation.

E. Sensitivity disclosure for level 3 fair value measurements:

Particulars	Unobservable input	Sensitivity	Impact of change in rates on Total Comprehensive Income			
			As at March 31, 2021		As at March 31, 2020	
			Favourable	Unfavourable	Favourable	Unfavourable
Equity Shares	Net Asset Value	1%	37	(37)	34	(34)
Compulsorily Convertible Debenture	Transaction price	1%	10	(10)	10	(10)
Loans	Discounting rate	1%	48	(47)	43	(42)
<b>Total</b>			<b>95</b>	<b>(94)</b>	<b>87</b>	<b>(86)</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34. Fair values of financial instruments

#### F Level 3 fair value measurements

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

i	Particulars	FVTOCI	FVTPL	FVTPL	Total
		Loans	Loans	Investments	
	<b>As at April 1, 2020</b>	4,234	-	3,356	7,590
	Total gains or losses:				-
	in profit or loss	-	-	333	333
	in OCI	88	-	-	88
	Purchases	4,000	-	-	4,000
	Settlements	(3,673)	-	-	(3,673)
	Transfers into Level 3	-	1,000	-	1,000
	<b>As at March 31, 2021</b>	<b>4,649</b>	<b>1,000</b>	<b>3,689</b>	<b>9,338</b>

Total gains or losses for the period in the above table are presented in the statement of profit or loss and OCI as follows.

ii	Particulars	FVTOCI	FVTPL	FVTPL	Total
		Loans	Loans	Investments	
	<b>For the year ended March 31, 2021</b>				
	Total gains and losses				
	Recognised in profit or loss:				
	Fair value changes :				
	-Realised	-	-	-	-
	-Unrealised	-	-	333	333
	Recognised in FVTOCI	88	-	-	88
	Total Net gain/(loss) on fair value changes	88	-	333	421
	<b>Total</b>	<b>88</b>	<b>-</b>	<b>333</b>	<b>421</b>

iii	Particulars	FVTOCI	FVTPL	FVTPL	Total
		Loans	Loans	Investments	
	<b>As at April 1, 2019</b>	21,080	-	7,003	28,083
	Total gains or losses:				-
	in profit or loss	-	-	(147)	(147)
	in OCI	(19)	-	-	(19)
	Purchases/transfer	223	-	(3,500)	(3,277)
	Settlements	(17,050)	-	-	(17,050)
	<b>As at March 31, 2020</b>	<b>4,234</b>	<b>-</b>	<b>3,356</b>	<b>7,590</b>

Total gains or losses for the period in the above table are presented in the statement of profit or loss and OCI as follows.

iv	Particulars	FVTOCI	FVTPL	FVTPL	Total
		Loans	Loans	Investments	
	<b>For the period ended March 31, 2020</b>				
	Total gains and losses				
	Recognised in profit or loss:				
	Fair value changes :				
	-Realised	-	-	-	-
	-Unrealised	-	-	(147)	(147)
	Recognised in FVTOCI	(19)	-	-	(19)
	Total Net gain/(loss) on fair value changes	(19)	-	(147)	(166)
	<b>Total</b>	<b>(19)</b>	<b>-</b>	<b>(147)</b>	<b>(166)</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

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### 35(i). Financial risk review

This note presents information about the Group's exposure to financial risks and its management of capital.

For information on the financial risk management framework, see Note 35(ii)

#### 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

#### E. Credit risk

For the definition of credit risk and information on how credit risk is mitigated by the Group, see Note 35(ii).

##### i. Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. The amounts in the table represent gross carrying amounts for financial assets. For loan commitments, the amounts in the table represent the amounts committed. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 2xi.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

##### 1) Days past due based method implemented by Group for credit quality analysis of Loans

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

Outstanding Gross Loans	As at March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Days past due</b>								
Zero overdue	40,54,375	57,066	7,062	41,18,504	40,72,153	12,410	1,106	40,85,669
1-29 days	1,13,191	3,560	1,412	1,18,163	1,38,475	5,007	249	1,43,731
30-59 days	-	66,373	847	67,221	-	66,092	328	66,420
60-89 days	-	44,881	3,096	47,977	-	29,132	664	29,796
90 or more days	-	-	1,20,500	1,20,500	-	-	1,03,444	1,03,444
<b>Total</b>	<b>41,67,566</b>	<b>1,71,881</b>	<b>1,32,917</b>	<b>44,72,364</b>	<b>42,10,628</b>	<b>1,12,641</b>	<b>1,05,791</b>	<b>44,29,060</b>

Note: Gross carrying amount does not include loan commitments Rs.224,443 (As on March 31, 2020: Rs. 290,258 lakh) which are categorised as Stage I asset under zero overdue.

Impairment allowance on Loans	As at March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Days past due</b>								
Zero overdue	27,849	14,649	2,765	45,263	43,569	2,063	827	46,459
1-29 days	7,068	1,609	596	9,274	5,868	1,501	148	7,517
30-59 days	-	17,115	529	17,644	-	13,248	188	13,436
60-89 days	-	15,865	1,888	17,753	-	9,141	356	9,497
90 or more days	-	-	88,299	88,299	-	-	81,195	81,195
<b>Total</b>	<b>34,917</b>	<b>49,238</b>	<b>94,077</b>	<b>1,78,232</b>	<b>49,437</b>	<b>25,953</b>	<b>82,714</b>	<b>1,58,104</b>

#### Notes:

1. Includes impairment allowance on loan commitments Rs. 1,197 lakh (As on March 31, 2020 1,726 lakh)
2. The above includes impairment allowance towards loan designated as FVTOCI amounting to Rs. 18 lakh (as on March 31, 2020 : Rs. 20 lakh)
3. Impairment loss allowance includes impairment loss allowance on loans under fair value through profit and loss Rs. 4 lakh (Previous year : Rs 5 lakh)

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

3) PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
<b>LOANS</b>		
- Amortised Cost	44,66,715	44,23,826
- At Fair Value through Other Comprehensive Income	4,649	4,234
- At Fair Value through Other Profit and Loss	1,000	1,000
<b>Total - Gross Loans</b>	<b>44,72,364</b>	<b>44,29,060</b>
Less: Un-amortized loan sourcing cost and revenue received in advance	(11,518)	(10,244)
<b>Total - Carrying Value of Loans</b>	<b>44,60,846</b>	<b>44,18,816</b>
<b>Less : Impairment Allowance</b>	<b>(1,78,232)</b>	<b>(1,58,104)</b>
<b>Total - Net Loans</b>	<b>42,82,614</b>	<b>42,60,712</b>

#### 4) Trade receivables

PARTICULARS	As at March 31, 2021			As at March 31, 2020		
	Gross	Impairment allowance	Net	Gross	Impairment allowance	Net
Category of Trade receivables						
Stage 1: Considered good	1,962	-	1,962	4,060	-	4,060
Stage 2: Significant increase in credit risk	45	45	-	33	33	-
Stage 3: Credit impaired	-	-	-	-	-	-
<b>Net Carrying value of trade receivables</b>	<b>2,007</b>	<b>45</b>	<b>1,962</b>	<b>4,093</b>	<b>33</b>	<b>4,060</b>



# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

##### i. Credit quality analysis (Continued)

#### Derivative Financial Instruments

The Group enters into derivatives contract for risk management purposes and has elected to apply hedge accounting requirements. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

Derivatives held for Risk management purposes	As at March 31, 2021			As at March 31, 2020		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Foreign Exchange Forward contracts	1,79,489	-	15,104	1,88,509	5,674	801
Cross currency interest rate swap	36,615	-	1,304	-	-	-
Interest rate swap	1,74,262	-	1,813	1,80,185	-	2,580
<b>Total</b>	<b>3,90,366</b>	<b>-</b>	<b>18,222</b>	<b>3,68,694</b>	<b>5,674</b>	<b>3,381</b>

#### Derivatives held for risk management purposes, not designated as hedging instruments:

The Group 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 35(ii).

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.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

##### ii Collateral and other credit enhancements

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 corporate and small business lending, first charge over real estate properties, plant and machineries, inventory and trade receivables, equity and debt securities, floating charge over the corporate assets are obtained. For Construction equipment finance, the asset is hypothecated to the Group.

For retail lending, loan against properties over residential/commercial properties is obtained. For vehicle and tractor loans, the respective movable asset is hypothecated to the Group.

The table represents categories of collaterals available against the loan exposures:

Particulars	Categories of collaterals available	As at	As at
		March 31, 2021	March 31, 2020
<b>Financial assets</b>			
<b>Loans</b>			
Bills purchased and bills discounted	Charge on Trade receivables and inventories	1,18,666	42,008
Term loans	A) Charges over: i) real estate properties (including residential and commercial), ii) Property and equipment, iii) inventory and trade receivables, iv) marketable securities (equity and debt securities)	40,79,669	41,19,912
Credit substitutes	B) hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors C) floating charge on corporate assets as mentioned in point A	1,72,320	1,79,530
Finance lease and hire purchase	Hypothecation of the underlying asset financed, primarily includes plant and equipment	92,515	78,072
Retained portion of assigned loans	mortgages over residential properties	1,658	2,252
<b>Total</b>		<b>44,64,828</b>	<b>44,21,774</b>

#### Assets obtained by taking possession of collateral

The Companies collection policy is to pursue timely realisation of the collateral in an orderly manner. The Group upon a customer account becoming delinquent, undertakes the process to physically repossess properties or other assets with the help of external agents to recover funds, to settle outstanding debt. Any surplus funds if any received are returned to the customers/obligors. As a result of this practice, the residential properties, vehicles, construction equipments and tractors 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, plant and machinery, equity shares and debt securities 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.

As on March 31, 2021, the Group has given loan against shares / equity oriented mutual funds / debt securities amounting to Rs. 420,671 Lakh (previous year : 243,620 lakh). The customer has the obligation to maintain Loan to Value (LTV) of 50% as per RBI norms for shares and equity oriented mutual funds at any point in time, failing which the Group has right to make good the shortfall within 7 working days.

As on March 31, 2021, the Group is in possession of assets held for sale gross carrying value Rs. 3056 lakh ((Previous year : Rs. 4,433 lakh) and provision towards the same Rs. 3,056 lakh (Previous year : 4,433 lakh)).

The Group has written-off loans of Rs. 81,455 lakh in financial year ended March 31, 2021 (Previous year : Rs. 79,333 lakh). The Group retains its contractual right against the obligor and may pursue all remedies to recover these dues.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk (Continued)

##### ii Collateral and other credit enhancements (Continued)

The table represents categories of collaterals available against the Stage 3 assets, basis valuation available with the Group:

Particulars	Categories of collaterals available	As at	
		March 31, 2021	March 31, 2020
<b>Financial</b>			
<b>Loans</b>			
Bills purchased and bills discounted	Charge on Trade receivables and inventories	-	-
Term loans	A) Charges over:	<b>6,315</b>	5,320
	i) real estate properties (including residential and commercial),		
	ii) Property and equipment,		
	iii) inventory and trade receivables,		
Credit substitutes	iv) marketable securities (equity and debt securities)	-	-
	B) hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors		
	C) floating charge on corporate assets as mentioned in point A		
<b>Total</b>		<b>6,315</b>	<b>5,320</b>

Note: Fresh valuation is obtained for stage 3 assets upon becoming overdue for more than 15 months.

### **35. Financial risk review(continued)**

#### **A. Credit risk**

##### **iii Amounts arising from ECL**

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

#### **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 Group 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 Group's historical experience, expert credit assessment and including forward looking information.

The Group 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, rescheduling 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 Group 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(xi) in Significant accounting policies for definition of Stages of Asset

## **2) Assumptions:**

The Group 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 Group 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. Defaulted accounts include customers reported as fraud in the Fraud Risk Management Committee (FRMC).

5) Forward looking information

The Group 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 Group 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 in a normal distribution curve while the other scenarios represent more optimistic and more pessimistic outcomes. More weight is applied to pessimistic outcome consistently as a matter of prudence than optimistic outcome.

6) Assessment of significant increase in credit risk

The credit risk on a financial asset of the Group 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 Group has applied the following estimation technique for ECL model:

- 1) The Group 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) Exit directed by the Risk Management Committee
- vi) Accounts classified by SICR committee indicating significant increase in credit risk
- 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 Group collects performance and default information about its credit risk exposures analysed by product. For some portfolios, information published in Basel IRB norms is also used.

The Group 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 includes but is not limited to;

- a) Private consumption
- b) Real GDP
- c) Housing Price Index
- d) Lending interest rate
- e) Consumer prices
- f) Real agriculture
- g) Long-term bond yield

For the purpose of determination of impact of forward looking information, the Group 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 Group 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 Group 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 Group 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 Group 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. The Group has prospectively adopted collection curve method for computation of loss given defaults to determine expected credit losses. In the absence of observed history of default, LGD applied is based on Basel IRB norms for certain products.

ix) Techniques for computation of EAD

- a) EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on credit conversion factor prescribed by RBI for various loan commitments. For financial assets in stage 2, EAD is determined by estimating the possible exposure in future using linear amortisation techniques.
- 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 Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down. Outstanding exposure for utilised limit as well

as un-utilised limit post applying the credit conversion factor as prescribed under RBI guidelines, absent availability of information of past history of conversion of un-utilised limits into utilised limits is considered as exposure at default for non-fund based facilities.

#### **4. Modified financial assets**

The Group renegotiates loans 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 debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor 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 downgradation and accordingly loss allowance is measured using 12 month PD.

Pursuant to RBI Covid restructuring policy, accounts for which Covid restructuring facility were given have been reclassified from Stage I to Stage II if DPD at invocation was between 0-29 and If the DPD was 30+ then the accounts were further downgraded within Stage II and corresponding staging wise ECL provision was done.

## **5. 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 Group 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 ECL.

The Group has calculated impact of COVID-19 on a collective basis. The portfolio is segmented based on nature of products, period of moratorium opted by the borrower and number of instances of bounces observed post COVID-19 moratorium. Further, the Group has segmented the portfolio, into various products based on re-structured and non-restructured pool for arriving at the potential impact on probability of default.

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. 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. The extent to which COVID-19 pandemic will impact current estimates of ECL is uncertain at this point in time.

The Group has based on historical data and best available internal and external forward-looking information, built probable scenarios of impact, and is carrying a provision of Rs. 10,600 lakh for the period ended March 31, 2021. (For the previous year ended March 31, 2020 Rs. 18,000 lakh), 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 Group's control and accordingly, actual results may differ from these estimates.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. 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	For the period ended March 31, 2021				For the period ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount opening balance</b>	42,10,628	1,12,641	1,05,791	44,29,060	42,35,871	1,17,603	1,09,268	44,62,742
New assets originated or purchased (Including charges levied on existing exposure)	18,47,004	290	255	18,47,549	20,64,030	11	62	20,64,103
Assets derecognised or repaid (excluding write offs)	(16,76,532)	(30,900)	(12,764)	(17,20,196)	(19,47,623)	(45,467)	(17,363)	(20,10,454)
Transfers to Stage 1	27,435	(25,497)	(1,937)	-	20,373	(19,375)	(998)	-
Transfers to Stage 2	(1,49,391)	1,50,445	(1,054)	-	(87,066)	88,216	(1,150)	-
Transfers to Stage 3	(82,477)	(28,406)	1,10,882	-	(64,405)	(19,572)	83,977	-
Amounts written off	(9,101)	(6,692)	(68,256)	(84,049)	(10,551)	(8,774)	(68,005)	(87,330)
<b>Gross carrying amount closing balance</b>	<b>41,67,566</b>	<b>1,71,881</b>	<b>1,32,917</b>	<b>44,72,364</b>	<b>42,10,628</b>	<b>1,12,641</b>	<b>1,05,791</b>	<b>44,29,060</b>

Note : Gross carrying amount does not include loan commitments Rs. 224,443 lakh (As on March 31, 2020: Rs. 290,258 lakh).

b) Particulars	For the period ended March 31, 2021				For the period ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance - opening balance</b>	49,437	25,953	82,714	1,58,104	34,527	23,969	92,301	1,50,797
Remeasurements due to changes in EAD / estimates	1,05,944	17,181	3,462	1,26,587	99,069	8,604	4,099	1,11,772
Assets derecognised or repaid (excluding write offs)	(26,435)	(8,377)	(10,725)	(45,537)	(15,949)	(10,243)	(10,607)	(36,799)
Transfers to Stage 1	727	(679)	(49)	-	325	(296)	(29)	-
Transfers to Stage 2	(36,864)	36,990	(126)	-	(20,294)	20,565	(271)	-
Transfers to Stage 3	(57,359)	(18,939)	76,298	-	(47,850)	(13,708)	61,558	-
Amounts written off	(533)	(2,891)	(57,497)	(60,922)	(390)	(2,939)	(64,337)	(67,665)
<b>ECL allowance - closing balance</b>	<b>34,917</b>	<b>49,238</b>	<b>94,077</b>	<b>1,78,232</b>	<b>49,437</b>	<b>25,953</b>	<b>82,714</b>	<b>1,58,104</b>

Note : Includes impairment allowance on loan commitments Rs. 1,197 lakh (As on March 31, 2020 1,726 lakh)

Bank balances of the Group are with highly rated banks. Hence, the Group doesn't expect any ECL on cash and cash equivalents and other bank balances.

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 35(A)(iii).

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

iii Amounts arising from ECL

#### Exposure to modified financial assets

(Rs. in lakh)

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
<b>Loan exposure to modified financial assets</b>		
(i) Gross carrying amount	67,851	3,421
(ii) Impairment allowance	19,888	1,827
<b>(iii) Net carrying amount</b>	<b>47,963</b>	<b>1,594</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

##### Loans by Division

#### iv) Concentration of Credit Risk

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

STAGE	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>SBU</b>								
Consumer Finance & Advisory Business	15,80,248	1,33,443	93,369	18,07,059	18,10,122	61,942	54,319	19,26,383
Corporate & SME Finance Division	25,80,782	38,438	39,548	26,58,768	23,94,219	50,700	49,991	24,94,910
Others	6,536	-	-	6,536	6,286	-	1,481	7,767
<b>Total</b>	<b>41,67,566</b>	<b>1,71,881</b>	<b>1,32,917</b>	<b>44,72,364</b>	<b>42,10,627</b>	<b>1,12,642</b>	<b>1,05,791</b>	<b>44,29,060</b>

Note : Gross carrying amount does not include loan commitments Rs. 224,443 (As on March 31, 2020: Rs. 290,258 lakh).

STAGE	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>SBU</b>								
Consumer Finance & Advisory Business	22,525	43,247	59,889	1,25,661	27,124	19,352	41,696	88,172
Corporate & SME Finance Division	12,366	5,991	34,188	52,545	22,287	6,602	39,537	68,426
Others	26	-	-	26	25	-	1,481	1,506
<b>Total</b>	<b>34,917</b>	<b>49,238</b>	<b>94,077</b>	<b>1,78,232</b>	<b>49,436</b>	<b>25,954</b>	<b>82,714</b>	<b>1,58,104</b>

Note : Includes impairment allowance on loan commitments Rs. 1,197 lakh (As on March 31, 2020 1,726 lakh)

# TATA Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### B. Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Group, see Note 36.

#### i. Exposure to liquidity risk

The Group has set tolerance limits in the light of the Group's business objectives, strategic direction and overall risk appetite. The tolerance limits reflects balance between profitability and managing liquidity risk and considers Group's current financial condition and funding capacity. The Group maintains liquidity buffer of unencumbered highly liquid assets (if required) to insure against liquidity stress events.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. 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.
Loans disbursed to customers and unrecognised loan commitments	Earliest possible contractual maturity.
Derivative financial liabilities and financial assets held for risk management purposes	The Derivative liability amount represents the Mark to market (MTM) gain.

The Companies expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

Unrecognised loan commitments are not all expected to be drawn down immediately; and retail loans (includes personal loan, business loan, consumer durable loan, auto loan, home equity) have an original contractual maturity of between 12 and 144 months but an average expected maturity of 16 months because customers take advantage of early repayment options. Similarly Corporate loans have an original contractual maturity of between 12 and 60 months respectively for Channel finance and Commercial finance term loans respectively, but an average expected maturity of 7 months and 24 months respectively.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks to maintain the liquidity requirements.

The Group 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 Group has adopted a conservative approach for bucketing the inflows by suitably deferring the expected inflows on performing loans in the initial part of the fiscal year 2021.

The Group 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, 2021 as stated in the above note.

The Group has set tolerance limits in the light of the Group's business objectives, strategic direction and overall risk appetite. The tolerance limits reflects balance between profitability and managing liquidity risk and considers Group's current financial condition and funding capacity. The Group maintains liquidity buffer of unencumbered highly liquid assets (if required) to insure against liquidity stress events.



# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

As at March 31, 2021	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1-3 months	3 months -1 year	1-5 years	More than 5 years	upto 1 Year	more than 1 Year
<b>Financial liability by type</b>									
<b>Non-derivative liabilities</b>									
Trade payables *	63,688	63,688	-	-	63,688	-	-	63,688	-
Debt securities issued	20,05,053	20,05,053	28,700	1,15,800	6,37,660	9,31,905	2,90,987	7,82,160	12,22,893
Borrowings (Other than debt securities)	12,82,996	12,82,996	55,285	2,84,375	6,04,481	3,38,856	-	9,44,140	3,38,856
Subordinated liabilities	3,55,532	3,55,532	-	100	11,952	1,19,365	2,24,115	12,052	3,43,480
External commercial borrowings	2,10,536	2,10,536	-	-	-	2,10,536	-	-	2,10,536
Lease liability	8,092	8,092	213	422	1,955	4,796	706	2,590	5,502
Other financial liabilities *	93,647	93,647	731	-	46,369	44,084	2,463	47,100	46,547
Issued loan commitments	-	-	-	-	-	-	-	-	-
<b>Derivative liabilities</b>	<b>18,222</b>	<b>19,889</b>	<b>616</b>	<b>147</b>	<b>2,339</b>	<b>16,787</b>	<b>-</b>	<b>3,102</b>	<b>16,787</b>
<b>Total</b>	<b>40,37,766</b>	<b>40,39,434</b>	<b>85,545</b>	<b>4,00,845</b>	<b>13,68,444</b>	<b>16,66,329</b>	<b>5,18,271</b>	<b>18,54,834</b>	<b>21,84,600</b>
Market Borrowings	24,76,087	24,76,087	30,144	1,24,900	7,54,671	10,51,270	5,15,102	9,09,715	15,66,372
Bank borrowings	13,78,030	13,78,030	53,841	2,75,375	4,99,423	5,49,392	-	8,28,638	5,49,392
<b>Total Borrowings</b>	<b>38,54,117</b>	<b>38,54,117</b>	<b>83,985</b>	<b>4,00,275</b>	<b>12,54,093</b>	<b>16,00,662</b>	<b>5,15,102</b>	<b>17,38,353</b>	<b>21,15,764</b>
<b>Financial asset by type</b>									
<b>Non-derivative assets</b>									
Cash and cash equivalents	1,00,316	1,00,316	90,284	-	10,032	-	-	1,00,316	-
Bank balances	109	109	-	-	109	-	-	109	-
Receivables *	1,962	1,962	-	-	1,962	-	-	1,962	-
Loans	42,83,828	42,83,828	2,71,334	6,23,566	10,25,211	17,21,829	6,41,889	19,20,110	23,63,718
Investments	1,30,798	1,30,799	1,10,403	-	-	1,602	18,794	1,10,403	20,396
Other Financial Assets *	62,293	62,292	-	-	55,863	6,429	-	55,863	6,429
<b>Derivative assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>45,79,306</b>	<b>45,79,306</b>	<b>4,72,021</b>	<b>6,23,566</b>	<b>10,93,177</b>	<b>17,29,860</b>	<b>6,60,683</b>	<b>21,88,763</b>	<b>23,90,543</b>

\* Maturity pattern considered as per ALM reporting.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

As at March 31, 2020	Carrying amount	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
<b>Financial liability by type</b>									
<b>Non-derivative liabilities</b>									
Trade payables	46,072	46,072	4,615	23,076	18,381	-	-	46,072	-
Debt securities issued	18,98,850	18,98,850	57,084	4,30,320	3,49,448	7,96,421	2,65,577	8,36,852	10,61,998
Borrowings (Other than debt securities)	15,16,985	15,16,985	1,04,823	3,65,198	4,42,190	6,04,775	-	9,12,210	6,04,775
Subordinated liabilities	3,06,930	3,06,930	1,110	5,549	4,604	50,835	2,44,832	11,263	2,95,667
External commercial borrowings	1,79,171	1,79,171	-	-	-	1,79,171	-	-	1,79,171
Lease liability	9,427	9,427	-	-	-	9,427	-	-	9,427
Other financial liabilities	83,186	83,186	3,469	17,346	18,661	43,710	-	39,476	43,710
Issued loan commitments	-	-	-	-	-	-	-	-	-
Derivative liabilities	3,381	3,550	66	-	890	2,594	-	956	2,594
<b>Total</b>	<b>40,44,002</b>	<b>40,44,171</b>	<b>1,71,167</b>	<b>8,41,488</b>	<b>8,34,174</b>	<b>16,86,933</b>	<b>5,10,409</b>	<b>18,46,829</b>	<b>21,97,342</b>
Market Borrowings	23,14,408	23,14,408	58,222	4,91,008	3,77,513	8,77,256	5,10,409	9,26,743	13,87,665
Bank borrowings	15,87,528	15,87,528	1,04,795	3,10,059	4,18,686	7,53,988	-	8,33,540	7,53,988
<b>Total Borrowings</b>	<b>39,01,936</b>	<b>39,01,936</b>	<b>1,63,017</b>	<b>8,01,067</b>	<b>7,96,200</b>	<b>16,31,244</b>	<b>5,10,409</b>	<b>17,60,283</b>	<b>21,41,653</b>
<b>Financial asset by type</b>									
<b>Non-derivative assets</b>									
Cash and cash equivalents	1,58,466	1,58,466	1,42,617	-	15,849	-	-	1,58,466	-
Bank balances	72	72	72	-	-	-	-	72	-
Receivables	4,060	4,060	-	-	4,060	-	-	4,060	-
Loans	42,62,457	42,62,457	78,477	2,43,308	13,48,756	19,99,311	5,92,605	16,70,541	25,91,916
Investments	19,140	19,139	-	50	-	1,547	17,542	50	19,089
Other Financial Assets	44,522	44,522	-	7,566	30,209	6,747	-	37,775	6,747
Derivative assets	5,674	6,540	21	17	104	6,398	-	142	6,398
<b>Total</b>	<b>44,94,391</b>	<b>44,95,256</b>	<b>2,21,187</b>	<b>2,50,941</b>	<b>13,98,978</b>	<b>20,14,003</b>	<b>6,10,147</b>	<b>18,71,106</b>	<b>26,24,150</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### B. Liquidity risk

##### iii. Financial assets available to support future funding

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

ASSETS	As at March 31, 2021			As at March 31, 2020		
	Pledged	Not Pledged	Total	Pledged	Not Pledged	Total
<b>Financial assets</b>						
Cash and cash equivalents	-	1,00,316	1,00,316	-	1,58,466	1,58,466
Bank Balance other than (a) above	-	109	109	-	72	72
Derivatives financial instruments	-	-	-	-	5,674	5,674
Trade Receivables	-	1,962	1,962	-	4,060	4,060
Loans	42,77,292	6,536	42,83,828	42,56,171	6,286	42,62,457
Investments	-	1,30,798	1,30,798	-	19,140	19,140
Other financial assets	-	62,293	62,293	-	44,522	44,522
<b>Non-financial Assets</b>						
Current tax asset	-	11,551	11,551	-	12,703	12,703
Deferred tax Assets (Net)	-	56,693	56,693	-	50,788	50,788
Investment property	-	-	-	-	-	-
Property, Plant and Equipment	21	67,511	67,532	23	84,898	84,921
Capital work-in-progress	-	-	-	-	52	52
Intangible assets under development	-	633	633	-	108	108
Right to use assets	-	7,294	7,294	-	8,739	8,739
Other Intangible assets	-	2,018	2,018	-	2,036	2,036
Other non-financial assets	-	15,977	15,977	-	28,625	28,625
<b>Total Assets</b>	<b>42,77,313</b>	<b>4,63,691</b>	<b>47,41,004</b>	<b>42,56,194</b>	<b>4,26,169</b>	<b>46,82,363</b>

##### 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 at March 31, 2021 and March 31, 2020 is shown in the preceding table.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### C. Market risk

##### i Exposure to interest rate risk – Non-trading portfolios (Continued)

Group carries out interest rate sensitivity analysis to assess the impact of interest rate movement on earnings, the floating rate assets and liabilities based on exposure as on end of reporting period are considered as outstanding for whole year. The fixed rate assets and liabilities which are falling due on residual basis within one year have been considered as floating rate assets and liabilities basis the minimum of 'interest rate reset date or maturity of the contract'. The basis risk between various benchmark linked to assets and liabilities are considered to be insignificant.

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 next one year.

#### As on March 31, 2021

Particulars	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Loans given	33,02,991	25,170	(25,170)
Borrowings	20,97,821	(13,579)	13,579
<b>Net Gap ( Asset - liability)</b>	<b>12,05,170</b>	<b>11,591</b>	<b>(11,591)</b>

#### As on March 31, 2020

Particulars	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Loans given	31,91,186	24,981	(24,981)
Borrowings	23,09,472	(15,933)	15,933
<b>Net Gap ( Asset - liability)</b>	<b>8,81,714</b>	<b>9,048</b>	<b>(9,048)</b>

The following table sets forth, for the periods indicated, the break-up of borrowings into variable rate and fixed rate.

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings	34%	40%
Fixed rate borrowings	66%	60%
<b>Total borrowings</b>	<b>100%</b>	<b>100%</b>

##### ii Exposure to currency risks – Non-trading portfolios

The Group has entered into derivative contract to fully hedge the risk. (Refer- Note 6)

The Group's exposure to foreign currency risk at on March 31, 2021 expressed in INR, are as follows

(Rs. in lakh)

Particulars	March 31, 2021				March 31, 2020	
	USD	EURO	JPY	SGD	USD	EURO
Letter of Credit/Buyers Credit	619	675	1,132	125	281	419
Particulars	Impact on profit after tax				Impact on profit after tax	
	March 31, 2021				March 31, 2020	
	USD	EURO	JPY	SGD	USD	EURO
Sensitivity - Increase by 1%	(6.19)	(6.75)	(11.32)	(1.25)	(2.81)	(4.19)
Sensitivity - Decrease by 1%	6.19	6.75	11.32	1.25	2.81	4.19

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### D. Disclosure pursuant to Ind AS 7 “Statement of Cash Flows”

##### Changes in Liabilities arising from financing activities

particulars	April 1, 2020	Cash Flows	Exchange Difference	Others	March 31, 2021
Debt Securities	18,98,850	96,407	-	9,796	20,05,053
Borrowings (Other than debt securities)	16,96,156	(1,97,899)	(7,342)	2,617	14,93,532
Subordinated liabilities	3,06,930	47,243	-	1,359	3,55,532
<b>Total</b>	<b>39,01,936</b>	<b>(54,249)</b>	<b>- 7,342</b>	<b>13,772</b>	<b>38,54,117</b>

Other column includes the effect of amortisation of borrowing cost, interest accrued on borrowings, amortisation of premium/discount on CPs/NCDs.

particulars	April 1, 2019	Cash Flows	Exchange Difference	Others	March 31, 2020
Debt Securities	23,06,469	(4,11,883)	-	4,264	18,98,850
Borrowings (Other than debt securities)	14,64,070	4,14,655	8,600	(1,91,169)	16,96,156
Subordinated liabilities	3,44,211	(34,254)	-	3,027	3,06,930
<b>Total</b>	<b>41,14,750</b>	<b>- 31,482</b>	<b>8,600</b>	<b>- 1,89,932</b>	<b>39,01,936</b>

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

## **35 (ii). Risk management**

### **A) Introduction**

As a financial institution, TATA Capital is exposed to various types of risks namely credit risk, liquidity risk, market risks, operational risk, strategic risk (including emerging & external risks) and compliance & reputation risk. We have adopted a holistic and data driven enterprise level risk management approach which includes monitoring both internal and external indicators.

We as an organization periodically adjust our strategy, incognizance with industry risk dynamics and emergence of new challenges and opportunities. TATA Capital's risk management framework has been laid down with long term sustainability and value creation in mind. Important pillars of the risk management approach are developing a strong risk management culture within Tata Capital and group companies, alignment of risk with business strategy, creating, preserving and realizing value. The key risks are being monitored by way of various policies covering these areas. The policies provide guiding principles by setting various limits, triggers, KRI frameworks etc. which are regularly tracked and reviews are presented to various senior management committees and board committees. An effort is also made to understand the best practices in risk management across industries which are then customized to our business requirements.

The risk management practices of Tata Capital and its subsidiaries are compliant with ISO 31000: 2018 which is the international standard for risk management that lays down principles, guidelines and framework for risk management in an organisation.

### **B) Group's Risk Management Framework for Measuring and Managing Risk**

#### **Risk Management Framework**

Risk Management forms an integral part of TATA Capital's operations. The Group's Board of Directors with support of risk function has overall responsibility for the establishment and oversight of the risk management framework.

The Board of Directors has constituted following committees and defined their role for monitoring the risk management policies of the Group.

#### ***Board level committees***

**Risk Management Committee of the Board (RMC):** The purpose of the Committee is to assist the Board in its oversight of various risks (i) Credit Risk (ii) Liquidity and Interest Rate Risk (iii) Operational Risk (Process, HR, Technology and Fraud) (iv)

Strategic Risks (including emerging and external risks) (v) Compliance and Reputation Risk (compliance risk and reputation risk are covered through compliance risk management charter).

**Investment Credit Committee of the Board (ICC):** Provide guidance on nature of investments that shall be undertaken, and approve credit limits for various counterparties, where exposures in aggregate exceed a certain level.

**Asset Liability Management Committee of the Board (ALCO):** ALCO shall review the Liquidity Risk and Interest Rate Risk on a regular basis and suggest necessary actions based on its view and expectations on the liquidity and interest rate profile.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the activities of the Group. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Risk Management Committee oversees how the management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### *Senior Management Committees*

**Operations Committee:** Monthly Business performance review with all the SBUs and functions on budget achievements and portfolio quality. The members include MD and various business and functional heads

**Management Credit Committee (MCC):** Committee members include Managing Director, Chief operating officer – CFD, Chief Financial officer & Head-Risk. Committee approves policies on recommendation of concerned credit committee. It approves/modifies/disapproves business proposal based on DOA approved by the Board and recommends proposals.

**Operational Risk Management Committee (ORMC):** ORMC is the oversight committee for operational risk, committee members include MD, CFO, Head-Risk, CHRO and Head-Legal & Compliance. The committee approves operational risk management policy and amendments to it, insurance management framework and corrective actions on operational risk incidents. The committee reviews the operational risk profile of the organization.

**Fraud Risk Management Committee (FRMC):** An independent Fraud Risk Management Committee (FRMC) comprising of top management representatives has been constituted who review the matters related to fraud risk and approve / recommend actions against frauds. FRMC consists of CFO, Head-Risk, CHRO and Head–Legal and Compliance.

### ***Business Unit Level Committees***

There are various committees that exist at the business level for credit sanctions, monitoring and reviews such as Credit Committee (CC), Credit Monitoring Committee (CMC) for corporate lending business and Credit Monitoring Committee (CMC), Retail Risk Review (RRR) for retail business.

## **C) Group’s Risk Management Approach for handling various type of risks**

### **a) Credit Risk**

It is the risk of loss suffered by a party whereby the counterparty fails to meet its contractual obligations. In its lending operations credit risk is one of the key risks that the Group is exposed to.

#### ***Credit risk management:***

The credit risk is governed by defined credit policies and Board approved DOA which undergo periodic review. The credit policies outline the type of products that can be offered, customer categories, targeted customer profile, credit approval process, DOA and limits etc. Each business unit is required to implement Group’s credit policies and procedures and maintain the quality of its credit portfolio.

The Group has additionally taken the following measures for risk management:

- i. single party and group borrower limit
- ii. limit on secured and unsecured exposure for commercial and SME finance division and at Group level
- iii. establishment of a separate credit monitoring team to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required
- iv. enhanced monitoring of sensitive sector exposures



- v. enhanced monitoring of portfolio through periodic reviews

### ***Credit Risk assessment methodology***

#### Credit assessment

The Group has a structured credit approval process, which includes a well-established procedure of comprehensive credit appraisal.

For corporate and SME customers, the credit appraisal process involves critical assessment of quantitative and qualitative parameters subject to review and approval as per defined DOA. The credit assessment involves detailed analysis of industry, business, management, financials, end use etc. An internal rating is also assigned to the borrower based on defined parameters.

For retail customers, the credit assessment is based on a parameterised approach.

#### Credit risk monitoring and portfolio review

The Group 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 Group ensure effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances.

The monitoring for corporate customers includes rating of the customers based on monitoring of the security, monitoring of the portfolio based on defined triggers such as sector limits, secured/ unsecured limits, group and individual borrower limits, early warning signals etc.

The retail borrowers are managed at a portfolio level based on defined policy triggers, early warning signals etc. Data analytics is extensively used for effective risk monitoring.

#### Additional measures taken during COVID- 19 pandemic

The Group is taking following additional measures during COVID-19 pandemic for sustainable growth and maintaining a diversified and resilient portfolio.

- i. Increased engagement with the customers through dedicated relationship manager and collection team

- ii. Policy intervention by way of sector and geography analysis based on COVID 19 impact
- iii. Strengthened credit assessment process
- iv. Realigning the product suite by way of differentiated product mix offering to different segments of borrowers
- v. Increased geographical diversification of portfolio
- vi. Enhanced portfolio and account level monitoring measures
- vii. Digitization of key processes enabling better and real time portfolio monitoring.
- viii. Strengthening of the collection infrastructure

**b) Market Risk;**

Risk due to change in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads, but not relating to changes in the obligor's/issuer's credit standing and will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable risk tolerances levels to ensure the solvency while optimising the return on risk.

ALCO sets up limits for each significant type of risk/aggregated risk and various products in the portfolio, with market liquidity being a primary factor in determining the level of limits. The market risk officer is responsible for the development of detailed market risk management policies & periodic review along with day to day implementation.

***Exposure to Market Risk***

**Interest rate risk**

Core business of the Group is borrowing and lending as permitted by the Reserve Bank of India, exposing us to interest rate risk.

Interest rate risk is measured through Interest rate sensitivity report where gaps are being monitored classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to earliest of contracted/behavioural maturities or anticipated re-pricing date. The Group monitor interest rate risk through above measures on a monthly basis. The interest rate risk limits are approved by the ALCO.

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

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

### Currency Risk

The Group is exposed to currency risk arising due to external commercial borrowings. The foreign currency loan in form of external commercial borrowing (ECB) raised by the Group are fully hedged basis.

The hedging policy as approved by the Asset Liability Committee (ALCO) prescribes the hedging of the risk associated with change in the interest rates and fluctuation of foreign exchange rates. The currency risk and interest rate risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts, interest rate swaps. Counter party risk is reviewed periodically in terms of exposure to various counter parties.

The Group'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 Group 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 Group are cash flow hedges.

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

### Equity price risk

The Group has carried investment in equity at fair value through the statement of profit and loss account and does not expect any incremental impact due to COVID-19 outbreak.

### Liquidity risk

A risk that the Group will encounter difficulty in meeting its day to day financial obligations is known as liquidity risk.

Management of liquidity risk is done as follows:

- 1) ALCO sets the strategy for managing liquidity risk commensurate with the business objectives;
- 2) ALCO has delegated the responsibility of managing overall liquidity risk and interest rate risk to Treasury. ALCO has delegated the responsibility of managing overall liquidity and interest rate risk to Treasury. ALCO has set various gap limits for tracking liquidity risk. The market risk function monitors such gaps at regular intervals.
- 3) Treasury department manages the liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Group. Treasury team ensures the regulatory compliance to the liquidity risk related limits approved in the ALM policy by ALCO.
- 4) The Group's approach to managing liquidity is to ensure sufficient liquidity to meet its liabilities when they are due without incurring unacceptable losses or risking damage to the Group's reputation.
- 5) The Group has been maintaining the Liquidity coverage ratio since 1<sup>st</sup> Dec 2020 as per RBI circular dated 4<sup>th</sup> Nov 2019 circular no RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20.

The key elements of the Group's liquidity risk management strategy are as follows:

- 1) Maintaining a diversified funding through market and bank borrowings resources such as debentures, commercial papers, subordinated debt, perpetual debt, Inter-corporate deposits (ICD's), overdraft and bank term loans. Unused bank lines constitute the main liquidity back up to meet the contingency funding plan. Additionally, based on Market scenario, the Group also maintains a portfolio of highly liquid mutual fund units.
- 2) Under the ALM guidelines, the dynamic liquidity statement and structural liquidity statement are being prepared on monthly basis to monitor the maturity gaps in the Assets and Liabilities cash flows. We monitor the behavioural characteristics of the Group's financial assets and financial liabilities while preparing the structural liquidity statement.
- 3) The Group carries out stress testing of cash flows on periodic basis and shares the results with ALCO to gauge the adequacy of liquidity.

A long-drawn nation-wide lockdown necessitated by the outbreak of COVID-19 pandemic, has increased liquidity risk across the economy to a large extent.

In order to address this risk and to seamlessly carry out treasury activities, the Group took following key actions amongst other administrative actions as on March 31, 2021 and up to the date of the adoption of the financial statements:

The Group has honoured all its debt obligations on time. Based on liquidity risk assessment, cash-flows mismatches are within the stipulated regulatory limits. The Group has been successful in maintaining the adequate liquidity by raising fresh/renewal of bank lines, regular access to capital market and financial institution under the various scheme promulgated by RBI to raise medium to long term funds.

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

### **c) Operational Risk**

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

Management of operational risk forms an integral part of TATA Capital's enterprise wide risk management systems. The organisation thrives towards incremental improvements to its operational risk management framework to address the dynamic industry landscape. Clear strategies and oversight by the Board of Directors and senior management, a strong operational risk management culture, effective internal control and reporting and contingency planning are crucial elements of TATA Capital's operational risk management framework.

The operational risk team monitors and reports key risk indicators ("KRI") and KRI exceptions. Suitable risk mitigation actions are taken wherever required to curtail the potential risk at the acceptable levels.

ORMC meets periodically to review the operational risk profile of the organization and oversee the implementation of the risk management framework and policies.

FRMC meets periodically to review matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

Tata Capital has a Business Continuity Planning "BCP" framework in place, to ensure uninterrupted business operations in case any disruptive event occurs. The Group immediately activated its Business Continuity Plan (BCP) during this time of COVID 19

pandemic. TCL continues to seamlessly carry out normal operations hence addressing the risk associated with occurrence of the pandemic.

TATA Capital has an IT Disaster Recovery Planning “IT-DRP” which provides the technology framework to continue day-to-day operations using secondary/back-up systems when primary system fails. It also protects the organisation against loss of computer based data and information.

### ***Cyber Security Risk***

Various measures are adopted to effectively protect the Group against phishing, social media threats and rogue mobile. During COVID-19 pandemic TCL ensured seamless accessibility of critical systems through virtual private network (VPN), thereby minimizing the risk of security/data breaches and cyber-attacks.

Tata Capital has adopted “Framework for Improving Critical Infrastructure Cyber Security” published by the National Institute of Standards & Technology (NIST) and complies with regulatory guidelines.

### **d) Regulatory and Compliance Risk**

Regulatory compliances are handled by Finance team, Treasury and Business teams in consultation with Group Compliance team. Statutory compliances are handled by Group Secretarial team, Administrative and people process related compliances are handled by Administration & HR departments.

Additionally, Risk team coordinates for Special Mention Accounts (SMA) and Fraud reporting in line with regulatory guidelines.

As per regulatory requirements, required policies are adopted, modified and rolled from time to time. Compliance to the defined policies is strictly adhered to.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 36. Operating segments -Basis for segmentation

See accounting policy in Note 2(xvi)

In accordance with Ind AS 108 on Segment Reporting, the Group has identified three business segments i.e. Financing Activity, Investment Activity and Others, and one Geographical Segment viz. India, as secondary segment. These divisions offer different products and services, and are managed separately based on the Group's management.

Reportable segments	Operations
Financing activity	Loans for retail and corporate borrowers. Products offered include asset financing, term loans (corporate and retail), channel financing, credit substitutes, investments linked to/arising out of lending business, bill and invoice discounting
Investment activity	Corporate investments
Others	advisory services, wealth management, distribution of financial products and leasing

The Board of Directors review the performance of each division on a quarterly basis

a. Operating segment disclosures are consistent with the information reviewed by the chief operating decision maker (CODM). The basis of measurement of segment information is consistent with the basis of preparation of financial statements. The reconciling items are limited to items that are not allocated to reportable segments, as opposed to a difference in the basis of preparation of the information.

b. When two or more operating segments are aggregated into a single operating segment, the judgements made in applying the aggregation criteria are disclosed by the Group. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 36. Operating segments - Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax, as included in internal management reports reviewed by the Board of Director's, is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same type of business. Inter-segment pricing is determined on an arm's length basis.

Particulars	(Rs. in lakh)	
	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
<b>Segment Revenue</b>		
a) Financing Activity	5,34,166	5,58,985
b) Investment Activity	20,299	590
c) Others	42,291	46,621
<b>Total</b>	<b>5,96,756</b>	<b>6,06,196</b>
Less : Inter Segment Revenue	-	-
Add : Interest on Income Tax Refund	2,410	-
<b>Total Income</b>	<b>5,99,166</b>	<b>6,06,196</b>
<b>Segment Results</b>		
a) Financing Activity	68,904	63,656
b) Investment Activity	20,299	(9,753)
c) Others	6,913	7,639
<b>Total</b>	<b>96,116</b>	<b>61,542</b>
Less : Unallocated Corporate Expenses	13,612	16,292
Add: Share in profit/(Loss) of associates	-238	-5
<b>Profit before taxation</b>	<b>82,266</b>	<b>45,245</b>
Less : Provision for taxation	14,809	33,889
<b>Profit after taxation</b>	<b>67,457</b>	<b>11,356</b>

Particulars	As at March 31, 2021		As at March 31, 2020	
<b>Segment Assets</b>				
a) Financing Activity	44,40,536		44,70,240	
b) Investment Activity	1,30,831		19,351	
c) Others	77,340		1,06,028	
d) Unallocated	92,298		86,743	
<b>Total</b>	<b>47,41,005</b>		<b>46,82,362</b>	
<b>Segment Liabilities</b>				
a) Financing Activity	39,62,593		39,44,096	
b) Investment Activity	-		-	
c) Others	67,016		97,280	
d) Unallocated	37,973		19,524	
<b>Total</b>	<b>40,67,582</b>		<b>40,60,900</b>	

Particulars	For the Year Ended March 31, 2021		For the Year Ended March 31, 2020	
<b>Capital Expenditure (Including Capital Work-In-Progress)</b>				
a) Financing Activity	-		-	
b) Investment Activity	-		-	
c) Others	3,631		19,749	
d) Unallocated	1,893		2,095	
<b>Total</b>	<b>5,524</b>		<b>21,844</b>	
<b>Depreciation and Amortisation</b>				
a) Financing Activity	3,587		3,405	
b) Investment Activity	-		-	
c) Others	26,148		31,461	
d) Unallocated	2,239		2,312	
<b>Total</b>	<b>31,974</b>		<b>37,178</b>	



# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 37. 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 Group 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, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>	<b>21,88,763</b>	<b>23,90,543</b>	<b>45,79,306</b>	<b>18,71,103</b>	<b>26,23,287</b>	<b>44,94,391</b>
Cash and cash equivalents	1,00,316	-	1,00,316	1,58,466	-	1,58,466
Bank Balance other than (a) above	109	-	109	72	-	72
Trade Receivables	1,962	-	1,962	4,060	-	4,060
Loans	19,20,110	23,63,718	42,83,828	16,70,541	25,91,916	42,62,457
Investments	1,10,403	20,396	1,30,798	50	19,089	19,140
Other financial assets	55,863	6,429	62,293	37,775	6,747	44,522
Derivative assets	-	-	-	139	5,535	5,674
<b>Non-financial Assets</b>	<b>13,157</b>	<b>1,48,541</b>	<b>1,61,698</b>	<b>14,616</b>	<b>1,73,356</b>	<b>1,87,972</b>
Current tax asset	-	11,551	11,551	-	12,703	12,703
Deferred tax Assets (Net)	-	56,693	56,693	-	50,788	50,788
Property, Plant and Equipment	11,428	56,104	67,532	13,048	71,873	84,921
Capital work-in-progress	-	-	-	-	52	52
Intangible assets under development	-	633	633	-	108	108
Other Intangible assets	-	2,018	2,018	-	2,036	2,036
Right of use assets	-	7,294	7,294	-	8,739	8,739
Other non-financial assets	1,729	14,248	15,977	1,568	27,057	28,625
<b>Total Assets</b>	<b>22,01,920</b>	<b>25,39,084</b>	<b>47,41,004</b>	<b>18,85,719</b>	<b>27,96,643</b>	<b>46,82,363</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>	<b>18,54,834</b>	<b>21,82,932</b>	<b>40,37,766</b>	<b>18,46,829</b>	<b>21,97,173</b>	<b>40,44,002</b>
Trade Payables	63,688	-	63,688	46,072	-	46,072
Debt Securities	7,82,160	12,22,893	20,05,053	8,36,852	10,61,998	18,98,850
Borrowings (Other than debt securities)	9,44,140	5,49,392	14,93,532	9,12,210	7,83,946	16,96,156
Deposits	-	-	-	-	-	-
Subordinated liabilities	12,052	3,43,480	3,55,532	11,263	2,95,667	3,06,930
Lease liability	2,590	5,502	8,092	-	9,427	9,427
Other financial liabilities	47,100	46,547	93,647	39,476	43,710	83,186
Derivative financial instruments	3,102	15,120	18,222	956	2,425	3,381
<b>Non-Financial Liabilities</b>	<b>22,859</b>	<b>6,958</b>	<b>29,817</b>	<b>11,250</b>	<b>5,648</b>	<b>16,898</b>
Current tax liability	20,316	-	20,316	7,744	-	7,744
Provisions	2,543	-	2,543	3,506	-	3,506
Other non-financial liabilities	-	6,958	6,958	-	5,648	5,648
<b>Liability and disposal groups held for sale</b>						
<b>Total liabilities</b>	<b>18,77,693</b>	<b>21,89,890</b>	<b>40,67,583</b>	<b>18,58,079</b>	<b>22,02,821</b>	<b>40,60,900</b>
<b>Net</b>	<b>3,24,227</b>	<b>3,49,193</b>	<b>6,73,421</b>	<b>27,640</b>	<b>5,93,821</b>	<b>6,21,463</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 38. Impact of transition to Ind AS 116:

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

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

#### (I). Right-of-use assets

Right-of-use assets relate to building that are presented separately within property and equipment

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	8,739	10,917
Additions during the period	2,032	861
Deletion during the period	(279)	(200)
Depreciation charge for the period	(3,198)	(2,839)
<b>Closing balance</b>	<b>7,294</b>	<b>8,739</b>

#### (II). Movement of Lease liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	9,427	10,846
Additions during the period	1,766	1,008
Deletion during the period	(517)	(89)
Finance cost	806	916
Payment of lease liabilities	(3,389)	(3,255)
<b>Closing balance</b>	<b>8,092</b>	<b>9,427</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one month	270	-
Between one and three months	532	756
Between three months and one year	2,376	2,225
Between one and five years	5,574	7,815
More than five years	775	635
<b>Total</b>	<b>9,527</b>	<b>11,431</b>

### (IV). Amounts recognized in the Statement of Profit and Loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on lease liabilities	(806)	(916)
Depreciation of ROU lease asset	(3,198)	(2,839)
Gain/(loss) on termination of leases	93	31
Rent concession related to COVID-19	177	-

### (V). Amounts recognised in statement of cash flows

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Total cash outflow for leases	3,389	3,255

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

2 On July 24, 2020, the Ministry of Corporate Affairs ('MCA') issued a notification for the Companies (Indian Accounting Standards) Amendment Rules, 2020 ('Rules'), amendments related to IndAS 116 provide relief for lessees in accounting for rent concessions granted as a direct consequence of Covid-19.

The amendments introduce an optional practical expedient that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.

Pursuant to amendment, the Group has elected to apply for practical expedient and not to account for COVID-19 related rent concession as lease modification.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 39. Revenue from contracts with customers

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

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>i. Type of service</b>		
- Fee and commission income	9,132	10,756
- Branch advertisement income	40	1,020
- Income from distribution of financial products	4,712	5,491
<b>Total</b>	<b>13,884</b>	<b>17,267</b>
<b>ii. Primary geographical market:</b>		
- Outside India	-	-
- India	13,884	17,267
<b>Total revenue from contracts with customers</b>	<b>13,884</b>	<b>17,267</b>
<b>iii. Timing of revenue recognition</b>		
- at a point in time upon rendering services	13,454	16,977
- over period of time upon rendering services	430	290
<b>Total</b>	<b>13,884</b>	<b>17,267</b>
<b>iv. Trade receivables towards contracts with customers</b>		
- Opening Balance	1,585	1,271
- Closing Balance	1,213	1,585
<b>v. Impairment on trade receivables towards contracts with customers</b>	0	(246)

The unbilled revenue of Rs. 669 lakh as at March 31, 2021 (as at March 31, 2020 : Rs. 732 lakh) has been considered as Contract assets, which are billable on completion of milestones specified in the contracts.

As on March 2021/2020, the Group doesn't have any unsatisfied/partially satisfied performance obligation.

(b) Reconciliation between revenue as per IndAS 108 Segment Reporting and revenue as per IndAS 115 Revenue from contract with customers

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue reported as per IndAS 108 Segment Reporting	5,99,166	6,06,195
<i>Less:</i>		
(a) Revenue reported as per IndAS 109-Financial Instruments	5,44,301	5,48,378
(b) Revenue reported as per IndAS 116-Leases	38,083	39,879
(c) Revenue reported as per IndAS 28-Investments in Associates and Joint Ventures	534	-
(d) Revenue reported as per IndAS 16-Property, Plant and Equipment	(46)	671
(e) Revenue reported as per IndAS 12-Income Taxes	2,410	-
Revenue reported as per IndAS 115 Revenue from contract with customers	<b>13,884</b>	<b>17,267</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 40. Share based payment

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

#### A. Description of share based payments:

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019	ESOP 2020
i. Vesting requirements	1/3rd at the end of each 12, 24 and 36 months from the date of grant	100% at the end of 12 months from the date of grant	20% at the end of each 12 and 24 months and 30% at the end of each 36 and 48 months from the date of grant	20% at the end of each 12 and 24 months and 30% at the end of each 36 and 48 months from the date of grant	20% at the end of each 12 and 20 months and 30% at the end of each 32 and 44 months from the date of grant
ii. Maximum term of option	6 years	2 years	7 years	7 years	7 years
iii. Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled
iv. Modifications to share based payment plans	N.A.	N.A.	N.A.	N.A.	N.A.
iv. Any other details as disclosed in the audited Ind AS financial statements	N.A.	N.A.	N.A.	N.A.	N.A.

#### B. Summary of share based payments

##### March 31, 2021

Particulars	ESOP 2018	ESOP 2019	ESOP 2020	Total
<b>Outstanding balance at the beginning of the period</b>	<b>23,30,000</b>	<b>22,25,000</b>	-	<b>45,55,000</b>
Options granted	-	-	20,32,500	<b>20,32,500</b>
Options forfeited	7,60,000	6,50,000	-	<b>14,10,000</b>
Options exercised	15,000	-	-	<b>15,000</b>
Options expired	-	-	-	-
Options lapsed	-	-	-	-
<b>Options outstanding at the end of the period</b>	<b>15,55,000</b>	<b>15,75,000</b>	<b>20,32,500</b>	<b>51,62,500</b>
Options exercisable at the end of the period	6,22,000	3,15,000	-	<b>9,37,000</b>
<b>For share options exercised:</b>				
Weighted average exercise price at date of exercise				50.60
Money realized by exercise of options (in actual rupees)				7,59,000
<b>For share options outstanding</b>				
Range of exercise prices	50.60	51.00	40.30	
Average remaining contractual life of options	4.50	5.34	6.34	5.48
<b>Modification of plans</b>	N.A.	N.A.	N.A.	
<b>Incremental fair value on modification</b>	N.A.	N.A.	N.A.	

**March 31, 2020**

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019	Total
<b>Outstanding balance at the beginning of the period</b>	<b>2,92,776</b>	<b>46,36,806</b>	<b>26,05,000</b>	-	<b>75,34,582</b>
Options granted	-	-	-	22,25,000	22,25,000
Options forfeited	-	-	2,75,000	-	2,75,000
Options exercised	1,07,987	6,06,500	-	-	7,14,487
Options expired	1,84,789	40,30,306	-	-	42,15,095
Options lapsed	-	-	-	-	-
<b>Options outstanding at the end of the period</b>	<b>-</b>	<b>-</b>	<b>23,30,000</b>	<b>22,25,000</b>	<b>45,55,000</b>
Options exercisable at the end of the period	-	-	23,30,000	22,25,000	45,55,000
<b>For share options exercised:</b>					
Weighted average exercise price at date of exercise					32.13
Money realized by exercise of options (in actual rupees)					2,29,56,775
<b>For share options outstanding</b>					
Range of exercise prices	25.00	33.40	50.60	51.00	
Average remaining contractual life of options	-	-	5.50	6.34	5.91
<b>Modification of plans</b>	N.A.	N.A.	N.A.	N.A.	
<b>Incremental fair value on modification</b>	N.A.	N.A.	N.A.	N.A.	

**C. Valuation of stock options**

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019	ESOP 2020
Share price:	25.00	33.40	50.60	51.00	40.30
Exercise Price:	25.00	33.40	50.60	51.00	40.30
Fair value of option:	8.60	8.40	23.34	23.02	17.07
Valuation model used:	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation
Expected Volatility:	0.37	0.35	0.38	0.41	0.42
Basis of determination of expected volatility:	Average historical volatility over 3 years of comparable companies	Average historical volatility over 2 years of comparable companies	Average historical volatility over 4.85 years of comparable companies	Average historical volatility over 4.85 years of comparable companies	Historical volatility of equity shares of comparable companies over the period ended December 15, 2020 based on the life of options
Contractual Option Life (years):	3.00	2.00	7.00	7.00	7.00
Expected dividends:	0.00	0.00	0.00	0.00	0.00
Risk free interest rate:	8.00%	6.57%	8.04%	6.28%	5.22%
Vesting Dates	33.33% vesting on July 29, 2014	100% vesting on April 2, 2018	20% vesting on September 30, 2019	20% vesting on August 01, 2020	20% vesting on December 14, 2021
	66.67% vesting on July 29, 2015	-	40% vesting on September 30, 2020	40% vesting on August 01, 2021	40% vesting on July 31, 2022
	100% vesting on July 29, 2016	-	70% vesting on September 30, 2021	70% vesting on August 01, 2022	70% vesting on July 31, 2023
	-	-	100% vesting on September 30, 2022	100% vesting on August 01, 2023	100% vesting on July 31, 2024
Valuation of incremental fair value on modification	N.A.	N.A.	N.A.	N.A.	N.A.

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

**As at March 31, 2021**

Name of Scheme	Mr. Sarosh Kersi Amaria*		Mr. Jaykumar Deepak Shah **		Ms. Sonali Punekar#		Mr. Kusal Roy		Ms. Avan Doomasia	
	Granted	Exercised	Granted	Exercised	Granted	Exercised	Granted	Exercised	Granted	Exercised
ESPS 2009	1,23,250	1,23,250	5,014	5,014	-	-	-	-	80,615	80,615
ESPS 2011	-	-	-	-	-	-	-	-	-	-
ESOP 2011	80,000	80,000	-	-	-	-	-	-	60,000	60,000
PS 2013	13,286	13,286	541	541	-	-	-	-	8,690	8,690
ESPS 2013	-	-	-	-	-	-	-	-	-	-
ESOP 2013	-	-	20,000	20,000	-	-	-	-	-	-
ESOP 2016	10,000	10,000	10,000	10,000	-	-	-	-	10,000	10,000
ESOP 2017	10,000	10,000	10,000	10,000	-	-	-	-	10,000	10,000
ESOP 2018	4,00,000	-	-	-	-	-	6,00,000	-	1,25,000	-
ESOP 2019	4,00,000	-	-	-	-	-	6,00,000	-	1,00,000	-
ESOP 2020	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,36,536</b>	<b>2,36,536</b>	<b>45,555</b>	<b>45,555</b>	<b>-</b>	<b>-</b>	<b>12,00,000</b>	<b>-</b>	<b>3,94,305</b>	<b>1,69,305</b>

\* Mr. Kusal Roy ceased to be a KMP w.e.f. May 04, 2020 and Mr. Sarosh Amaria was appointed as KMP w.e.f. May 05, 2020.

\*\* Mr. Jaykumar Shah was appointed as KMP w.e.f. August 14, 2020.

# Ms. Avan Doomasia ceased to be a KMP w.e.f. November 30, 2020 and Ms. Sonali Punekar was appointed as KMP w.e.f. December 01, 2020.

**As at March 31, 2020**

Name of Scheme	Mr. Kusal Roy		Mr. Puneet Sharma*		Ms. Avan Doomasia	
	Granted	Exercised	Granted	Exercised	Granted	Exercised
ESPS 2009	-	-	1,31,838	1,31,838	80,615	80,615
ESPS 2011	-	-	-	-	-	-
ESOP 2011	-	-	80,000	80,000	60,000	60,000
PS 2013	-	-	14,212	14,212	8,690	8,690
ESPS 2013	-	-	-	-	-	-
ESOP 2013	-	-	-	-	-	-
ESOP 2016	-	-	10,000	10,000	10,000	10,000
ESOP 2017	-	-	10,000	10,000	10,000	10,000
ESOP 2018	6,00,000	-	4,00,000	78,950	1,25,000	-
ESOP 2019	6,00,000	-	4,00,000	-	1,00,000	-
<b>Total</b>	<b>12,00,000</b>	<b>-</b>	<b>10,46,050</b>	<b>3,25,000</b>	<b>3,94,305</b>	<b>1,69,305</b>

\* Mr. Puneet Sharma ceased to be a KMP w.e.f. February 16, 2020.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 41. Contingent Liabilities and Commitments:

(i) Contingent Liabilities :-

Claims not acknowledged by the Group relating to cases contested by the Group and which are not likely to be devolved on the Group relating to the following areas :

Particulars	(Rs. in lakh)	
	As at March 31, 2021	As at March 31, 2020
Income Tax (Pending before Appellate authorities)	3,965	4,669
VAT (Pending before Appellate authorities)	675	331
Suits filed against the Group	645	38

As at March 31, 2021, claims against the Group not acknowledged as debts in respect of income tax matters amounted to Rs. 3,965 lakhs. These claims against the Group are arising on account of multiple issues of disallowances on completion of assessment proceedings under the Income-tax Act, 1961, such as disallowance of expenditure incurred in relation to income not includible in total income u/s 14A of the Income Tax Act, 1961 and disallowance of interest expenditure on perpetual NCDs. These matters are pending before various appellate authorities and the Management expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's financial position. Hence, the Group has not recognized these uncertain tax positions in its books.

(ii) Commitments :-

(a) Undrawn Commitment given to Borrowers

As on March 31, 2021 Rs. 410,240 lakh (Year ended March, 31, 2020 : Rs. 376,721 lakh)

Less than 1 Year: Rs. 300,033 lakh (Year ended March, 31, 2020 : Rs. 305,140 lakh)

More than 1 Year: Rs. 110,207 lakh (Year ended March, 31, 2020 : Rs. 71,581 lakh)

(b) Letter of Credit, Buyers Credit and Other Guarantees Rs. 830 lakh (Year ended March, 31, 2020 : Rs. 7,957 lakh)

(c) Leases entered but not executed Rs. 84,421 lakh (Year ended March, 31, 2020 : Rs. 60,842 lakh)

(d) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1,174 lakh (as at March 31, 2020: Rs. 837 lakh).

- Tangible: Rs. 95 lakh (Year ended March, 31, 2020 : Rs. 327 lakh)

- Intangible: Rs. 1,079 lakh (Year ended March, 31, 2020 : Rs. 510 lakh)



# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

42 The Group has given assets under non-cancellable operating leases. The total of future minimum lease payments that the Group is committed to receive is:

Lease Payments	As at	
	March 31, 2021	March 31, 2020
- Within one year	28,842	31,572
- Later than one year and not later than five years	39,900	50,586
- Later than five years	1,659	1,772

Accumulated Depreciation on lease assets is Rs. 80,760 lakh (Year ended March, 31, 2020: Rs. 66,762 lakh).

Accumulated Impairment losses on the leased assets Rs. Nil (Year ended March, 31, 2020 Rs. Nil)

### 43. Earnings per Share (EPS):

Particulars		2020-21	2019-20
Profit after tax	Rs. in lakh	67,457	11,361
Add: Preference dividend on Compulsorily Convertible Cumulative Preference shares (including dividend distribution tax)	Rs. in lakh	-	3,255
Profit after tax attributable to parent Group	Rs. in lakh	67,457	14,616
Weighted average number of Equity Shares used in computing earnings per share	Nos.	1,62,99,31,981	1,49,00,38,929
Add: Potential weighted average number of Equity shares that could arise on conversion of preference shares	Nos.	-	11,17,06,362
Add: Potential weighted average number of Equity shares allotted to ESOP Trust	Nos.	Nil	Nil
Weighted average number of equity shares in computing Basic / Diluted earnings per share	Nos.	1,62,99,31,981	1,60,17,45,291
Face value of equity shares	Rupees	10	10
<b>Earnings per share (Basic and Diluted)</b>	Rupees	4.14	0.91

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

Particulars	As at	
	March 31, 2021	March 31, 2020
Opening Balance	75,371	58,496
Add : Additions during the year (net)	8,767	16,875
Less : Utilised during the year	-	-
Closing Balance	84,138	75,371

### 45. Movement in other provisions during the year is as under:

Particulars	As at	
	March 31, 2021	March 31, 2020
Opening Balance	1,915	1,529
Add : Additions during the year (net)	(420)	386
Closing Balance	1,495	1,915

## Tata Capital Financial Services Limited

### Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

46. Loans and advances - Financing Activity (Secured) include Rs.433 lakh (Year ended March, 31, 2020 : Rs. 433 lakh) being the value of the unquoted preference shares acquired in satisfaction of the respective loans under the Settlement Agreement. As on March 31, 2021, the Group is in possession of non current assets held for sale (NCAHS) carrying value Nil lakh (gross carrying value Rs. 3,056 lakh (Previous year : Rs. 4,433 lakh) and provision towards the same Rs. 3,056 lakh (Previous year : 4,433 lakh)) (Previous year : Nil lakh). Investments include Rs. 2,079 lakh (Year ended March, 31, 2020 : Rs. 482 lakh) being the value of the unquoted equity shares Rs. 2,071 lakh (Previous year : Rs. 482 lakh) and quoted equity shares Rs. 8 lakh (Previous year : Nil) acquired in satisfaction of the respective loans under the Settlement Agreement.
47. The value of a unhedged foreign currency transaction for purchase of Operating Lease asset as on March 31, 2021 is Nil (Year ended March, 31, 2020 : Rs Nil). The value of a unhedged foreign currency transaction for Letter of Credit and Buyers Credit as on March 31, 2021 is 2,551 lakh (Year ended March, 31, 2020 : Rs 700 lakh)
48. The Group has reported frauds aggregating Rs. 3,435 lakh (Year ended March, 31, 2020 : Rs. 25,815 lakh) based on management reporting to risk committee and to the RBI through prescribed returns.

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 49. 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 Group	Tata Sons Private Limited
Holding Group	Tata Capital Limited
Fellow Subsidiaries (with which the Group had transactions)	Tata Capital Housing Finance Limited Tata Cleantech Capital Limited Tata Securities Limited Tata Capital Advisors Pte. Limited Tata Capital General Partners LLP Tata Capital Growth II General Partners LLP Tata Capital Healthcare General Partners LLP TATA Capital Healthcare II General Partners LLP Tata Capital Plc Tata Capital Pte. Limited Tata Opportunities General Partners LLP
Associates and Fellow Associates (with which the Group had transactions)	TVS Supply Chain Solutions Limited Shriram Properties Limited Fincare Business Services Limited Fincare Small Finance Bank Limited Tata Autocomp Systems Limited Tata Projects Limited Tata Technologies Limited Tema India Limited
Post Employment Benefit Plan	Tata Capital Limited Gratuity Scheme Tata Capital Limited Employees Provident Fund Tata Capital Limited Superannuation Scheme TCL Employee Welfare Trust
Key Management Personnel	Mr. Rajiv Sabharwal - (Non-Executive Director and Chairman) Mr. Sarosh Amaria (Managing Director) (w.e.f 05.05.2019) Mr. F.N. Subedar - (Non-Executive Director) Ms. Anuradha E. Thakur - (Independent Director) Ms. Varsha Purandare - (Independent Director) (w.e.f 01.04.2019) Mr. Jaykumar Shah (Chief Financial Officer) (w.e.f 14.08.2019) Ms. Sonali Puneekar (Group Secretary) (w.e.f 01.12.2020) Mr. Mukund S. Dharmadhikari - (Independent Director) (resigned w.e.f 27.01.2020) Mr. Puneet Sharma - (Chief Financial Officer) (resigned w.e.f 16.02.2020) Mr. Kusal Roy (Managing Director) (resigned w.e.f 04.05.2020) Ms. Avan Doomasia (Group Secretary) (resigned w.e.f 30.11.2020)

**49. 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:**

<p>Subsidiaries, Associates and Joint Venture of ultimate holding Group (with which the Group had transactions)</p>	<p>Automotive Stampings and Assemblies Limited            Infiniti Retail Limited            Niskalp Infrastructure Services Limited (formerly Niskalp Energy Limited)            TATA Advanced Materials Limited            Tata Advanced Systems Limited            Tata AIG General Insurance Group Limited            Tata Asset Management Limited            Tata Communications Collaboration Services Private Limited            Tata Communications Limited            Tata Communications Payment Solutions Limited            Tata Communications Transformation Services Limited            Tata Consultancy Services Limited            Tata Consulting Engineers Limited            Tata Industries Limited            Tata International Limited            Tata Teleservices (Maharashtra) Limited            Tata Teleservices Limited            Panatone Finvest Limited            Conneqt Business Solutions Limited (formerly Tata Business Support Services Limited)</p> <p>Tata Consumer Products Limited (formerly Tata Global Beverages Limited)            Tata Motors Limited            The Associated Building Group Limited            The Indian Hotels Group Limited            The Tata Power Group Limited            Titan Group Limited            Trent Limited            Voltas Limited            Coastal Gujarat Power Limited            TML Business Services Limited (formerly Concorde Motors (India) Limited)            Fiora Hypermarket Limited            Indian Steel &amp; Wire Products Ltd.            Maithon Power Limited            Nelco Limited            Piem Hotels Limited            Tata Metaliks Ltd.            Tata Motors Finance Limited            Tata Power Delhi Distribution Limited            Tata Power Solar Systems Limited            Tata Power Trading Group Limited            Tata Steel Utilities and Infrastructure Services Limited (formerly Jamshedpur Utilities &amp; Services Group Limited)            Tayo Rolls Limited            TP Ajmer Distribution Limited            United Hotels Limited            Air International TTR Thermal Systems Private Limited            AirAsia (India) Limited            Mikado Realtors Private Limited            Tata AIA Life Insurance Group Limited            Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited)            Tata Boeing Aerospace Limited (formerly Tata Aerospace Limited)            Tata International DLT Private Limited            Tata Lockheed Martin Aerostructures Limited            Tata Precision Industries (India) Limited            Tata Sikorsky Aerospace Limited (formerly Tara Aerospace Systems Limited)            Tata Toyo Radiator Limited            Tata Sky Broadband Private Limited (formerly Quickest Broadband Private Limited)            Sir Dorabji Tata Trust            Sir Ratan Tata Trust            Calsea Footwear Private Limited            Smart Value Homes (Peenya Project) Private Limited (formerly Smart Value Homes (Boisar Project) Private Limited)            Tata Steel Limited            Tata Elxsi Limited            Tata Ficosa Automotive Systems Private Limited (Tata Ficosa Automotive Systems Limited)            TP Luminaire Private Limited</p>
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Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

		Rs in lakh		
Sr No	Party Name	Nature of Transactions	FY 20-21	FY 19-20
1	Tata Sons Private Limited	<b>Income</b> Finance Lease Interest Op. Lease Rental  <b>Expenses</b> BEBP Expenses Legal & Professional Fees Staff Welfare Expenses Training Expenses  <b>Other transactions</b> Facility repayment received during year  <b>Assets</b> Finance Lease Facility Principal receivable Finance lease accrued income & other receivables  <b>Liabilities</b> Balance Payable	42 811  1,666 38 0 1  190  276 (36)  1,666	62 816  1,600 5 2 3  170  465 8  1,600
2	Tata Capital Limited	<b>Income</b> PMS Income Referral Fees Recovery Rent and Guest house expenses  <b>Expenses</b> Dividend paid during the period - CCCPS Dividend paid during the period - Equity Shares ICD Interest NCD Interest Service provider charges Insurance Expenses Rent and Guest house expenses Electricity Expenses Security Charge  <b>Other transactions</b> Conversion of Convertible Preference Shares into Equity Shares Amount raised by issue of Equity shares made during the year Inter-Corporate Deposit received Inter-Corporate Deposit repaid  <b>Assets</b> Security Deposit receivable Balance receivable  <b>Liabilities</b> Equity shares held # Inter-Corporate Deposit Payable # Perpetual Non-Convertible debentures # Accrued Interest on ICD Outstanding # Accrued Interest on Perpetual Debentures Trade Payable	15 15 3  - 14,995 6,672 1,113 1,299 6 973 30 88  - - 2,48,099 1,91,391  5,847 37  1,62,993 1,15,058 12,500 480 18 510	15 30 12  2,739 4,890 5,071 1,113 3,420 7 953 59 -  1,88,900 25,000 10,34,419 9,81,795  5,847 22  1,62,993 58,350 12,500 307 18 405
3	Tata Capital Housing Finance Limited	<b>Income</b> Referral Fees Loan Sourcing Fee Recovery Rent and Guest house expenses  <b>Expenses</b> Rent and Guest house expenses Insurance Expenses Valuation charges  <b>Other Transactions</b> Transfer of loan portfolio and processing fees  <b>Assets</b> Balance Receivable  <b>Liabilities</b> Trade Payable	5 4 811  95 - -  6,090  809  38	20 - 1,032  119 1 71  -  278  100

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
4	Tata Cleantech Capital Limited	<b>Income</b>		
		Recovery Rent and Guest house expenses	102	119
		Syndication Fees	6	-
		<b>Expenses</b>		
		Rent and Guest house expenses	2	11
		Consultancy charges	9	-
5	Tata Securities Limited	<b>Income</b>		
		Recovery Rent and Guest house expenses	37	30
6	Tata Capital Advisors Pte. Limited	<b>Income</b>		
		SLA Fees	8	8
7	Tata Capital General Partners LLP	<b>Income</b>		
		SLA Fees	1	1
8	Tata Capital Growth II General Partners LLP	<b>Income</b>		
		SLA Fees	1	1
9	Tata Capital Healthcare General Partners LLP	<b>Income</b>		
		SLA Fees	1	1
10	TATA Capital Healthcare II General Partners LLP	<b>Income</b>		
		* SLA Fees	1	0
11	Tata Capital Pte. Limited	<b>Income</b>		
		SLA Fees	8	8
12	Tata Capital Pte. Limited	<b>Income</b>		
		SLA Fees	15	15

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
13	Tata Opportunities General Partners LLP	<b>Income</b>		
		SLA Fees	1	1
		<b>Assets</b>		
		Balance Receivable	1	1
14	TVS Supply Chain Solutions Limited	<b>Income</b>		
		Term Loan Interest Income	204	1,664
		Invoice Discounting	37	7
		Management Fees	-	27
		<b>Other transactions</b>		
		Receipts from Divestment	484	-
		Loan given during year	-	20,000
		Loan repayment received during year	12,725	12,953
		Invoice discounted during year	4,862	1,180
		Invoice discounted repayment received during year	4,500	1,053
		<b>Assets</b>		
		Term Loan Principal receivable	-	5,705
		Term Loan accrued income	-	43
		# Term Loan Principal receivable	-	7,020
# Term Loan accrued income	-	60		
# Invoice Discounted receivable	592	229		
# Invoice Discounting other receivables*	3	4		
Investment in Equity Shares	981	1,465		
<b>Commitments</b>				
Off balance sheet exposure	398	-		
15	Shriram Properties Limited	<b>Assets</b>		
		Investment in Equity Shares	3,935	3,935
		Provision for Diminution in value of Investment	(1,535)	(1,535)
16	Fincare Business Services Limited	<b>Income</b>		
		Term Loan Interest Income	89	-
		<b>Other transactions</b>		
		Loan given during year	3,732	-
		<b>Assets</b>		
Term Loan Principal receivable	3,732	-		
Term Loan accrued income	1	-		
Investment in Equity Shares	734	734		
17	Fincare Small Finance Bank Limited	<b>Income</b>		
		Inerest on Debenture	408	-
		<b>Other transactions</b>		
		Investment in debenture during the year	3,616	-
		<b>Assets</b>		
Investment in Debentures	3,616	-		
Accrued Interest	13	-		
Investment in Equity Shares	27	-		
18	Tata Autocomp Systems Limited	<b>Income</b>		
		Op. Lease Rental	643	574
		Management Fees	-	19
		<b>Other transactions</b>		
		Security deposit received during year	8	248
		Security deposit adjusted during year	132	-
		<b>Assets</b>		
		Balance Receivable / (Payable)	-	(2)
		<b>Liabilities</b>		
		Security deposit payable	450	574
<b>Commitments</b>				
Off balance sheet exposure	6,752	10,808		

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
19	Tata Projects Limited	<b>Income</b>		
		Finance Lease Interest	412	155
		Op. Lease Rental	7,209	2,902
		Management Fees	5	12
		<b>Other transactions</b>		
		Sale of Asset	61	-
		Facility provided during year	1,831	2,245
		Facility repayment received during year	769	227
		Security deposit received during year	154	202
		Security deposit repaid / adjusted during year	69	87
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	3,761	2,698
		Finance lease accrued income & other receivables	621	455
		Balance Receivable / (Payable)	-	(2)
<b>Liabilities</b>				
Security deposit payable	694	608		
<b>Commitments</b>				
Off balance sheet exposure	4,552	6,834		
20	Tata Technologies Limited	<b>Income</b>		
		Finance Lease Interest	8	13
		Management Fees	-	0
		<b>Expenses</b>		
		Information Technology Expenses	205	43
		<b>Other transactions</b>		
		Facility provided during year	-	16
		Facility repayment received during year	42	28
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	28	70
		Finance lease accrued income & other receivables	1	2
		Balance Receivable	-	-
		<b>Liabilities</b>		
		Trade Payable	84	-
<b>Commitments</b>				
Off balance sheet exposure	-	100		
21	Tema India Limited	<b>Income</b>		
		Term Loan Interest Income	10	5
		Management Fees	-	11
		<b>Other transactions</b>		
		Loan given during year	-	86
		Loan repayment received during year	14	-
		<b>Assets</b>		
		Term Loan Principal receivable	72	86
Term Loan accrued income	1	1		
22	Tata Capital Limited Gratuity Scheme	<b>Expenses</b>		
		Contribution to Gratuity fund	329	391
23	Tata Capital Limited Employees Provident Fund	<b>Expenses</b>		
		Contribution to Provident Fund	1,116	1,186
		<b>Other transactions</b>		
		Employees Contribution to Provident Fund	1,567	1,858
		<b>Liabilities</b>		
Balance Payable	90	-		



49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
24	Tata Capital Limited Superannuation Scheme	<b>Expenses</b>		
		Contribution to Superannuation	80	76
		<b>Assets</b>		
		Balance Receivable	12	61
25	TCL Employee Welfare Trust	<b>Other transactions</b>		
		Loan given during year	250	650
		Loan repayment received during year	-	650
		<b>Assets</b>		
		# Outstanding Loan	6,536	6,286
		Balance Receivable	2	11
26	Automotive Stampings and Assemblies Limited	<b>Income</b>		
		Term Loan Interest Income	141	25
		WCDL Interest Income	379	433
		Op. Lease Rental	-	31
		Management Fees	30	13
		<b>Other transactions</b>		
		Term Loan / WCDL given during year	17,368	15,025
		Term Loan / WCDL repayment received during year	17,675	14,775
		<b>Assets</b>		
		Term Loan / WCDL Principal receivable	2,075	-
		# Term Loan / WCDL Principal receivable	2,092	4,474
		# Term Loan / WCDL accrued income	35	38
		* Balance Receivable / (Payable)	-	(0)
<b>Commitments</b>				
Off balance sheet exposure	2,408	1,526		
27	Infiniti Retail Limited	<b>Income</b>		
		Op. Lease Rental	134	211
		Management Fees	10	6
		Trade Advance Interest Income	69	-
		<b>Expenses</b>		
		Commission on Cards	30	75
		DMA Commission	34	69
		Fixed Assets Purchased	1	3
		Staff Welfare Expenses	36	0
		<b>Other transactions</b>		
		Facility provided during year	-	18
		Facility repayment received during year	4	-
		NSR Payment	1,597	2,192
		Security deposit received during year	7	-
		Security deposit repaid / adjusted during year	51	0
		Loan given during year	2,076	-
		Loan repayment received during year	2,076	-
		<b>Assets</b>		
Finance Lease Facility Principal receivable	14	18		
Finance lease accrued income & other receivables	1	4		
Balance Receivable	-	38		
<b>Liabilities</b>				
Security deposit payable	31	75		
<b>Commitments</b>				
Off balance sheet exposure	5,339	119		
28	Niskalp Infrastructure Services Limited (formerly Niskalp Energy Limited)	<b>Income</b>		
		* Recovery Rent and other expenses	1	0

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
29	Tata Advanced Systems Limited	<b>Income</b>		
		Finance Lease Interest	33	20
		Syndication Fees	100	-
		<b>Other transactions</b>		
		Facility provided during year	47	103
		Facility repayment received during year	59	35
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	181	194
		Finance lease accrued income & other receivables	119	67
		<b>Commitments</b>		
Off balance sheet exposure	304	466		
30	Tata AIG General Insurance Group Limited	<b>Income</b>		
		Insurance Commission	488	1,049
		<b>Expenses</b>		
		Insurance Expenses	61	13
		<b>Assets</b>		
		Balance Receivable	47	44
# Balance Receivable	97	162		
31	Tata Asset Management Limited	<b>Income</b>		
		PMS Income	42	403
		<b>Assets</b>		
# Balance Receivable	10	17		
32	Tata Communications Collaboration Services Private Limited	<b>Expenses</b>		
		Telephone Expenses	2	1
33	Tata Communications Limited	<b>Income</b>		
		* Finance Lease Interest	0	3
		* Foreclosure Charges	-	0
		<b>Expenses</b>		
		Information Technology Expenses	249	241
		<b>Other transactions</b>		
		Facility repayment received during year	13	19
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	5	18
		Finance lease accrued income & other receivables /		
		* (Payables)	(1)	(0)
<b>Liabilities</b>				
Trade Payable	49	-		
34	Tata Communications Payment Solutions Limited	<b>Expenses</b>		
		Advertising Exp	10	-
35	Tata Communications Transformation Services Limited	<b>Income</b>		
		Finance Lease Interest	1	3
		<b>Other transactions</b>		
		Facility repayment received during year	10	11
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	2	12
Finance lease accrued income & other receivables /				
* (Payables)	0	1		

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
36	Tata Consultancy Services Limited	<b>Income</b>		
		Finance Lease Interest	35	38
		Op. Lease Rental	383	186
		<b>Expenses</b>		
		Information Technology Expenses	7,683	4,623
		<b>Other transactions</b>		
		Facility provided during year	-	63
		Facility repayment received during year	47	38
		Security deposit received during year	29	129
		Security deposit repaid / adjusted during year	(48)	49
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	198	245
		Finance lease accrued income & other receivables	6	1
		Balance Receivable / (Payable)	-	(4)
<b>Liabilities</b>				
Balance Payable	1,642	2,376		
Security deposit payable	157	80		
<b>Commitments</b>				
Off balance sheet exposure	1,192	1,751		
37	Tata Consulting Engineers Limited	<b>Income</b>		
		Term Loan Interest Income	-	77
		Management Fees	-	15
		<b>Other transactions</b>		
		Loan given during year	-	1,500
Loan repayment received during year	-	1,500		
38	Tata Industries Limited	<b>Income</b>		
		Finance Lease Interest	286	121
		Sale of Assets	-	61
		<b>Other transactions</b>		
		Facility provided during year	932	1,148
		Facility repayment received during year	535	168
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	1,558	1,160
		Finance lease accrued income & other receivables	253	989
		* Balance Receivable	-	(0)
<b>Commitments</b>				
Off balance sheet exposure	448	836		
39	Tata International Limited	<b>Income</b>		
		Finance Lease Interest	14	5
		<b>Expenses</b>		
		Staff Welfare Expenses	-	7
		<b>Other transactions</b>		
		Facility provided during year	14	84
		Facility repayment received during year	17	4
		Security deposit received during year	-	21
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	77	80
		Finance lease accrued income & other receivables	25	28
		<b>Liabilities</b>		
Security deposit payable	21	21		
<b>Commitments</b>				
Off balance sheet exposure	39	63		

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
40	Tata Teleservices (Maharashtra) Limited	<b>Expenses</b>		
		Telephone Expenses	136	134
		<b>Liabilities</b>		
		* Balance Payable	0	-
41	Tata Teleservices Limited	<b>Income</b>		
		Finance Lease Interest	24	20
		Op. Lease Rental	-	3
		Management Fees	-	2
		Foreclosure Charges	-	0
		<b>Expenses</b>		
		Electricity Expenses	9	14
		Rent Expenses	25	39
		Telephone Expenses	34	35
		<b>Other transactions</b>		
		Facility provided during year	86	137
		Facility repayment received during year	82	150
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	142	139
		Finance lease accrued income & other receivables / (payables)	(4)	(29)
		Balance Receivable	0	-
		Security Deposit receivable	-	8
<b>Commitments</b>				
Off balance sheet exposure	-	491		
42	Conneqt Business Solutions Limited (formerly Tata Business Support Services Limited)	<b>Income</b>		
		Finance Lease Interest	111	124
		Op. Lease Rental	33	279
		Management Fees	0	2
		Sale of Assets	44	-
		Recovery Electricity expenses	22	40
		Recovery Rent and Guest house expenses	165	129
		<b>Expenses</b>		
		Outsourcing Expenses	7,776	7,633
		<b>Other transactions</b>		
		Facility provided during year	9	418
		Facility repayment received during year	294	397
		Loan repayment received during year	-	-
		Security Deposit Adjusted	16	-
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	778	1,063
		Finance lease accrued income & other receivables	56	46
Balance Receivable	76	83		
<b>Liabilities</b>				
Trade Payable	3,240	1,037		
Security deposit payable	21	37		
<b>Commitments</b>				
Off balance sheet exposure	692	716		

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
43	Tata Consumer Products Limited (formerly Tata Global Beverages Limited)	<b>Income</b>		
		Finance Lease Interest	12	9
		Op. Lease Rental	61	60
		<b>Other transactions</b>		
		Facility provided during year	-	112
		Facility repayment received during year	15	11
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	86	101
		Finance lease accrued income & other receivables	2	22
		Balance Receivable	-	5
		<b>Commitments</b>		
Off balance sheet exposure	310	310		
44	Tata Motors Limited	<b>Income</b>		
		Finance Lease Interest	32	27
		Management Fees	29	540
		Foreclosure Charges	-	20
		<b>Other transactions</b>		
		Facility provided during year	424	-
		Facility repayment received during year	68	124
		Loan repayment received during period	15,002	
		Loan Given during period	-	15,002
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	591	235
Finance lease accrued income & other receivables	3,829	(181)		
# PTC loan receivable	-	15,002		
<b>Commitments</b>				
Off balance sheet exposure	6,445	-		
45	The Associated Building Group Limited	<b>Income</b>		
		Term Loan Interest Income	1	68
		<b>Expenses</b>		
		Legal & Professional Fees	-	1
		<b>Other transactions</b>		
		Loan given during year	300	100
		Loan repayment received during year	44	4,244
		<b>Assets</b>		
		Term Loan Principal receivable	256	-
		Term Loan accrued income	1	-
		<b>Commitments</b>		
Off balance sheet exposure	44	97		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
46	The Indian Hotels Company Limited	<b>Income</b>		
		Finance Lease Interest	10	19
		Op. Lease Rental	-	7
		<b>Expenses</b>		
		Hotel Expenses	-	5
		Training Expenses	-	6
		Staff Welfare Expenses	1	-
		<b>Other transactions</b>		
		Facility provided during year	-	22
		Facility repayment received during year	67	55
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	43	110
		Finance lease accrued income & other receivables	(1)	10
<b>Commitments</b>				
Off balance sheet exposure	300	-		
47	The Tata Power Company Limited	<b>Income</b>		
		Finance Lease Interest	153	142
		Management Fees	14	10
		<b>Other transactions</b>		
		Facility provided during year	190	340
		Facility repayment received during year	253	174
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	1,011	1,074
		Finance lease accrued income & other receivables	472	71
		<b>Commitments</b>		
Off balance sheet exposure	1,554	260		
48	Titan Company Limited	<b>Expenses</b>		
		Staff Welfare Expenses	-	6
		Interest Expenses	-	60
		<b>Other transactions</b>		
		ICD Repaid	-	5,000
<b>Assets</b>				
Balance Receivable	-	1		
49	Trent Limited	<b>Other transactions</b>		
		NSR Payment	178	295
		<b>Assets</b>		
Balance Receivable*	-	0		
50	Voltas Limited	<b>Expenses</b>		
		Fixed Assets Purchased	-	22
		Incentive payment dealers	57	17
		Repairs and Maintenance	47	30

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
51	Coastal Gujarat Power Limited	<b>Income</b>		
		Finance Lease Interest	18	13
		Term Loan Interest Income	-	854
		Management Fees	2	15
		<b>Other transactions</b>		
		Facility provided during year	12	50
		Facility repayment received during year	19	13
		Loan given during year	-	-
		Loan repayment received during year	-	32,500
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	95	103
		Finance lease accrued income & other receivables	59	(16)
		<b>Commitments</b>		
Off balance sheet exposure	185	-		
52	TML Business Services Limited (formerly Concorde Motors (India) Limited)	<b>Income</b>		
		Trade Advance Interest Income	-	1,046
		Op. Lease Rental	28	460
		Management Fees	-	20
		<b>Expenses</b>		
		Fixed Assets Purchased	-	9
		<b>Other transactions</b>		
		Loan given during year	-	33,890
		Loan repayment received during year	-	52,677
		<b>Assets</b>		
		Balance Receivable	-	9
		# Balance Receivable	-	16
		<b>Commitments</b>		
Off balance sheet exposure	-	18,106		
53	Fiora Hypermarket Limited	<b>Expenses</b>		
		Commission on Cards	2	7
		<b>Other transactions</b>		
NSR Payment	269	233		
54	Indian Steel & Wire Products Ltd.	<b>Income</b>		
		Finance Lease Interest	10	7
		Management Fees	-	1
		<b>Other transactions</b>		
		Facility provided during year	-	99
		Facility repayment received during year	22	18
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	58	81
		Finance lease accrued income & other receivables	2	1
		<b>Commitments</b>		
Off balance sheet exposure	-	32		
55	Maithon Power Limited	<b>Income</b>		
		Finance Lease Interest	5	3
		Syndication fees	-	135
		<b>Other transactions</b>		
		Facility provided during year	-	11
		Facility repayment received during year	9	3
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	21	29
		Finance lease accrued income & other receivables / * (payables)	44	(0)
		<b>Commitments</b>		
Off balance sheet exposure	149	-		

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
56	Nelco Limited	<b>Income</b>		
		Finance Lease Interest	6	6
		<b>Other transactions</b>		
		Facility provided during year	-	39
		Facility repayment received during year	12	6
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	36	48
Finance lease accrued income & other receivables / (payables)	1	1		
<b>Commitments</b>				
Off balance sheet exposure	-	94		
57	Piem Hotels Limited	<b>Expenses</b>		
		* Hotel Expenses	0	0
58	Tata Metaliks Ltd.	<b>Income</b>		
		Finance Lease Interest	3	-
		Op. Lease Rental	48	25
		<b>Other transactions</b>		
		Security deposit received during year	1	6
		Security deposit repaid / adjusted during year	2	-
		Facility provided during year	18	-
		Facility repayment received during year	8	-
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	10	-
		Finance lease accrued income & other receivables / (payables)	(5)	-
		Balance Receivable	-	2
		<b>Liabilities</b>		
Security deposit payable	13	14		
<b>Commitments</b>				
Off balance sheet exposure	354	361		
59	Tata Motors Finance Limited	<b>Income</b>		
		Interest on Bonds	-	176
		<b>Expenses</b>		
		Rent and Guest house expenses	7	8
		FA Purchased	-	-
		<b>Other transactions</b>		
		Proceeds from Divestments	-	2,000
Sale of Asset	5	-		
<b>Liabilities</b>				
Balance Payable	-	32		
60	Tata Power Delhi Distribution Limited	<b>Expenses</b>		
		* Legal & Professional Fees	-	0
61	Tata Power Solar Systems Limited	<b>Income</b>		
		Finance Lease Interest	26	19
		Management Fees	-	1
		<b>Other transactions</b>		
		Facility provided during year	64	148
		Facility repayment received during year	55	31
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	138	129
Finance lease accrued income & other receivables / (Payables)	8	(9)		
<b>Commitments</b>				
Off balance sheet exposure	-	500		



49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
62	Tata Power Trading Group Limited	<b>Income</b>		
		Finance Lease Interest	1	1
		<b>Other transactions</b>		
		Facility repayment received during year	1	1
		<b>Assets</b>		
Finance Lease Facility Principal receivable	4	5		
* Finance lease accrued income & other receivables	0	(5)		
63	Tata Steel Utilities and Infrastructure Services Limited (formerly Jamshedpur Utilities & Services Group Limited)	<b>Income</b>		
		Finance Lease Interest	5	7
		Op. Lease Rental	14	32
		<b>Other transactions</b>		
		Sale of Asset	25	-
		Facility provided during year	-	72
		Facility repayment received during year	22	20
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	30	52
		Finance lease accrued income & other receivables	1	1
		Balance Receivable / (Payables)	-	(2)
		<b>Liabilities</b>		
		Security deposit payable	9	9
<b>Commitments</b>				
Off balance sheet exposure	-	15		
64	Tayo Rolls Limited	<b>Other transactions</b>		
		Loan repayment received during year	-	3
65	TP Ajmer Distribution Limited	<b>Income</b>		
		Finance Lease Interest	4	3
		Management Fees	-	1
		<b>Other transactions</b>		
		Facility provided during year	6	11
		Facility repayment received during year	4	6
<b>Assets</b>				
Finance Lease Facility Principal receivable	24	22		
Finance lease accrued income & other receivables	2	1		
66	United Hotels Limited	<b>Income</b>		
		Finance Lease Interest	5	2
		<b>Other transactions</b>		
		Facility provided during year	-	29
		Facility repayment received during year	3	1
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	25	28
Finance lease accrued income & other receivables	2	3		
<b>Commitments</b>				
Off balance sheet exposure	53	53		
67	Air International TTR Thermal Systems Private Limited	<b>Income</b>		
		Op. Lease Rental	29	26
		Management Fees	-	0
		<b>Other transactions</b>		
		Security deposit received during year	-	5
		<b>Liabilities</b>		
		Security deposit payable	18	18
		<b>Commitments</b>		
Off balance sheet exposure	823	1,823		

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
68	AirAsia (India) Limited	<b>Income</b>		
		Term Loan Interest Income	-	767
		Trade Advance Interest Income	1,109	287
		Management Fees	50	59
		<b>Other transactions</b>		
		Loan given during year	31,551	10,000
		Loan repayment received during year	21,557	10,000
		<b>Assets</b>		
		# Trade Advance Principal receivable	19,994	10,000
		# Trade Advance accrued income	95	96
<b>Commitments</b>				
Off balance sheet exposure	10,006	10,000		
69	Mikado Realtors Private Limited	<b>Income</b>		
		Term Loan Interest Income	283	29
		Management Fees	2	2
		<b>Other transactions</b>		
		Loan given during year	1,250	1,500
		Loan repayment received during year	2,750	-
		<b>Assets</b>		
		# Term Loan Principal receivable	-	1,500
		# Term Loan accrued income	-	29
		<b>Commitments</b>		
Off balance sheet exposure	550	2,500		
70	Tata AIA Life Insurance Group Limited	<b>Income</b>		
		Finance Lease Interest	7	0
		Insurance Commission	245	193
		<b>Expenses</b>		
		Insurance Expenses	82	70
		<b>Other transactions</b>		
		Facility provided during year	35	10
		Facility repayment received during year	6	-
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	38	10
Finance lease accrued income & other receivables	120	36		
Balance Receivable	130	70		
# Balance Receivable	8	6		
<b>Commitments</b>				
Off balance sheet exposure	479	150		
71	Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited)	<b>Income</b>		
		Trade Advance Interest Income	36	12
		Management Fees	4	3
		<b>Other transactions</b>		
		Loan given during year	2,540	1,000
		Loan repayment received during year	2,540	1,500
		<b>Commitments</b>		
Off balance sheet exposure	-	1,000		
72	Tata Boeing Aerospace Limited (formerly Tata Aerospace Limited)	<b>Income</b>		
		Finance Lease Interest	1	1
		<b>Other transactions</b>		
		Facility provided during year	3	-
		Facility repayment received during year	2	1
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	6	5
* Finance lease accrued income & other receivables	(0)	4		
<b>Commitments</b>				
Off balance sheet exposure	138	138		

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh			
			FY 20-21	FY 19-20		
73	Tata International DLT Private Limited	<b>Income</b>				
		Term Loan Interest Income	15	36		
		<b>Other transactions</b>				
		Loan repayment received during year	225	200		
		<b>Assets</b>				
		Term Loan Principal receivable	-	225		
		Term Loan accrued income	-	1		
74	Tata Lockheed Martin Aerostructures Limited	<b>Income</b>				
		Finance Lease Interest	5	7		
		<b>Other transactions</b>				
		Facility given during year	-	-		
		Facility repayment received during year	17	14		
		<b>Assets</b>				
		Finance Lease Facility Principal receivable	30	47		
		Finance lease accrued income & other receivables / (payables)	(1)	(1)		
75	Tata Precision Industries (India) Limited	<b>Income</b>				
		Term Loan Interest Income	5	8		
		<b>Other transactions</b>				
		Loan repayment received during year	23	23		
		<b>Assets</b>				
		Term Loan Principal receivable	23	45		
		* Term Loan accrued income	0	0		
76	Tata Sikorsky Aerospace Limited (formerly Tara Aerospace Systems Limited)	<b>Income</b>				
		Finance Lease Interest	2	2		
		<b>Other transactions</b>				
		Facility provided during year	12	8		
		Facility repayment received during year	5	3		
		<b>Assets</b>				
				Finance Lease Facility Principal receivable	19	11
		* Finance lease accrued income & other receivables	28	(0)		
		<b>Commitments</b>				
		Off balance sheet exposure	80	139		
77	Tata Toyo Radiator Limited	<b>Income</b>				
		Op. Lease Rental	1,922	1,093		
		Management Fees	11	12		
		Term Loan Interest Income	158	-		
		<b>Other transactions</b>				
		Security deposit received during year	210	458		
		Security deposit adjusted during year	4	-		
		Loan given during year	2,500	-		
		<b>Assets</b>				
				Balance receivable	-	(8)
				Term Loan Principal receivable	2,500	-
				Term Loan accrued income	18	-
		<b>Liabilities</b>				
		Security deposit payable	1,154	948		
		<b>Commitments</b>				
		Off balance sheet exposure	286	10,215		
78	Tata Sky Broadband Private Limited (formerly Quickest Broadband Private Limited)	<b>Income</b>				
		Syndication fees	-	35		
79	Sir Dorabji Tata Trust	<b>Expenses</b>				
		CSR Expenditure	50	100		

49. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
80	Sir Ratan Tata Trust	<b>Income</b>		
		Finance Lease Interest	-	0
		<b>Other transactions</b>		
		Facility repayment received during year	-	3
81	Tata Steel BSL Limited (formerly Bhushan Steel Limited) (under amalgamation)	<b>Assets</b>		
		Investment in Equity Shares	6	-
82	Tata Ficosa Automotive Systems Private Limited (Tata Ficosa Automotive Systems Limited)	<b>Income</b>		
		Invoice Discounting	65	-
		Management Fees	3	-
		Trade Advance Interest Income	4	-
		<b>Other Transactions</b>		
		Loan given during year	1,003	-
		Loan repayment received during year	3	-
		<b>Assets</b>		
		# Trade Advance Principal receivable	1,000	-
		# Trade Advance accrued income	4	-
83	TP Luminaire Private Limited	<b>Income</b>		
		Management Fees	28	-
		Term Loan Interest Income	260	-
		<b>Other Transactions</b>		
		Loan given during year	5,552	-
		Loan repayment received during year	1,328	-
		<b>Assets</b>		
		Term Loan Principal receivable	4,224	-
		Term Loan accrued income	1	-
		<b>Commitments</b>		
		Off balance sheet exposure	1,052	-
84	Panatone Finvest Limited	<b>Other Transactions</b>		
		* Sale of Investment	0	-
85	Key Management	<b>Remuneration to KMP</b>		
		Short Term Employee Benefits	302	434
		Post Employment Benefits	31	13
		Share based payments (No. of Shares)		
		Options granted **	10,36,536	12,00,000
		Options exercised	2,36,536	-
		Director Sitting Fees & Commission	125	125

Notes :

- \* less than Rs.50,000/-
- \*\* ESOP has been granted by Tata Capital Limited
- # all the loans / borrowings balance above are not secured
- d) Expected credit loss provision for parties listed above have not been considered as provision for doubtful debts, hence not disclosed
- e) The above related party transactions are at Arm's length and in the ordinary course of business.
- f) The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

C) List of Associates

Country of Incorporation	Name of Associate	Ownership Interest	
		March 31, 2021	March 31, 2020
India	Shriram Properties Limited	1.50%	1.50%
India	TVS Supply Chain Solutions Limited	0.42%	0.63%
India	Fincare Business Services Limited	0.78%	0.78%
India	Fincare Small Finance Bank Limited	0.02%	-

50. The Group has investments in the following associates, which are accounted for on the Equity Method in accordance with the Ind AS 28 on 'Investment in Associates':

The Particulars of investments in associates as on March 31, 2021 are as follows :

									(Rs. in lakh)
Sr No	Name of Associates	Country of Incorporation	As on	Ownership Interest (%)	Original Cost of Investment	Share of post acquisition Reserves & Surplus	Gross	Impairment	Carrying Amount of Investments
1	Fincare Business Services Limited (Refer footnote 1 below)	India	March 31, 2020	0.78%	734	115	849	-	849
			March 31, 2019	0.78%	734	125	859	-	859
2	Shriram Properties Limited (Refer footnote 1 below)	India	March 31, 2020	1.50%	3,935	-	3,935	(1,535)	2,400
			March 31, 2019	1.50%	3,935	-	3,935	(1,535)	2,400
3	TVS Supply Chain Solutions Limited (Refer footnote 1 below)	India	March 31, 2020	0.42%	982	(226)	756	-	756
			March 31, 2019	0.68%	1,465	2	1,467	-	1,467
3	Fincare Small Finance Bank Limited (Refer footnote 1 below)	India	March 31, 2020	0.02%	27	3	30	-	30
			March 31, 2019	-	-	-	-	-	-
<b>Total</b>					<b>5,678</b>	<b>(108)</b>	<b>5,570</b>	<b>(1,535)</b>	<b>4,035</b>
					<i>6,134</i>	<i>127</i>	<i>6,261</i>	<i>(1,535)</i>	<i>4,726</i>

Note:

1) The Group's share in voting rights does not exceed 20%. However, the presumption of significant influence is overcome and it has been concluded that Group has significant influence as the Group represents the board of directors and management participates in policy making processes.

51. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity	As at March 31,2021		As at March 31,2020		For the period ended March 31,2021		For the period ended March 31,2020		For the period ended March 31,2021		For the period ended March 31,2020	
	Net assets, i.e., total assets minus total liabilities		Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share of profit or loss		Share in Other Comprehensive Income		Share in Other Comprehensive Income	
	As % of consolidated net assets	Rs in lakh	As % of consolidated net assets	Rs in lakh	As % of consolidated profit or loss	Rs in lakh	As % of consolidated profit or loss	Rs in lakh	As % of consolidated profit or loss	Rs in lakh	As % of consolidated profit or loss	Rs in lakh
<b>Parent:</b> Tata Capital Financial Services Limited	99.40%	6,69,386	99.24%	6,16,738	100.35%	67,695	100.04%	11,360	100.25%	(810)	100.37%	(1,360)
<b>Associates (Investment as per the equity method)</b>												
<b>Indian</b>												
Fincare Business Services Limited	0.13%	849	0.14%	859	-0.03%	(17)	0.70%	79	-0.87%	7	-0.52%	7
Shriram Properties Limited	0.36%	2,400	0.39%	2,400	0.00%	-	0.00%	-	0.00%	-	0.00%	-
TVS Logistics Services Limited	0.11%	756	0.24%	1,467	-0.33%	(224)	-0.73%	(83)	0.62%	(5)	0.15%	(2)
Fincare Small Finance Bank Limited	0.00%	30	0.00%	-	0.00%	3	0.00%	-	0.00%	-	0.00%	-
<b>Total</b>	<b>100%</b>	<b>6,73,421</b>	<b>100%</b>	<b>6,21,464</b>	<b>100%</b>	<b>67,457</b>	<b>100%</b>	<b>11,356</b>	<b>100%</b>	<b>(808)</b>	<b>100%</b>	<b>(1,355)</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

- 52.** In accordance with the RBI circulars on COVID-19 Regulatory Package dated March 27, April 17 and May 23, 2020, the Group had granted a moratorium of up to six months on payment of instalments, falling due between March 1, 2020 and August 31, 2020 to eligible borrowers as per the Group's policy approved by the Board. For all such accounts where the borrower has been granted moratorium, the asset classification remained standstill during the moratorium period (i.e. the number of days past-due ('DPD') shall exclude the moratorium period for the purposes of staging).  
During the year ended March 31, 2021, the aggregate outstanding of the borrowers to whom moratorium was extended amounted to Rs.2,25,174 lakh. Due to the moratorium benefit the overdues of these borrowers were ranging between DPD 1-89 days and these have been classified as standard as at March 31, 2021. Of the above, borrower accounts worth Rs. 63,498 lakh (including accrued interest of Rs. 524 lakh), were accounts where, in accordance with the abovementioned COVID-19 Regulatory Package the asset classification benefit was extended (accounts not classified as Stage 3) at March 31, 2021.  
The Group has assessed its Expected Credit Loss in line with the RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Accordingly, no impairment reserve is required to be created and no provision is adjusted during the respective accounting periods against slippages and the residual provisions as required in RBI circulars on COVID-19 Regulatory Package stated above.
- 53.** Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. This may lead to a rise in the number of borrowers defaults and consequently an increase in corresponding provisions. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Group's performance will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.  
The Group has assessed the potential impact of COVID-19 on the carrying value of its assets based on relevant internal and external factors / information available, upto the date of approval of these financial statements. In order to cover the impact of COVID-19 on the future expected credit losses, the Group is carrying a provision of Rs. 10,600 lakh as on March 31, 2021. (For the year ended March 31, 2020 Rs 18,000 lakh).
- 54.** RBI circular dated April 7, 2021 advised all lending institutions to put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 01, 2020 to August 31, 2020 in conformity with the Supreme Court judgement dated March 23, 2021 ("Supreme Court judgement"). Further, the circular stated that in order to ensure that the Supreme Court judgement is implemented uniformly in letter and spirit by all lending institutions, methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association ("IBA") in consultation with other industry participants/bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial results for the year ended March 31, 2021.  
The IBA has released clarification on identification of borrowers and the calculation methodology of the amount to be refunded/adjusted vide letter CIB/ADV/MBR/9833 dated April 19, 2021. The Group is in the process of assessing the impact of the IBA clarification. However the Group has made an estimation of the said amount and has recognised an interest reversal of Rs. 5,660 lakh in its Statement of Profit and Loss Account for the year ended March 31, 2021.
- 55.** The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Group towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Group will complete its evaluation and will give appropriate impact, if any, in the financial statements following the Code becoming effective and the related rules being framed and notified.
- 56.** Dividend Distribution Tax ("DDT") as required under Section 115-O of the Income Tax Act, 1961 has been abolished from FY 2020-21 onwards. The Group had paid DDT of Rs. 1,568 lakh in FY 2019-20.
- 57.** The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, announced a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether moratorium as per RBI regulatory package was availed or not. The Group has implemented the Scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme, amounting to Rs. 2,379 lakh. The Group has filed its claim for the ex-gratia with State Bank of India as per the Scheme.

58. In view of the Honourable Supreme Court of India interim order dated September 3, 2020 (Public Interest Litigation (PIL) by Gajendra Sharma Vs Union of India & ANR), no additional borrower accounts were classified as impaired (non-performing assets (NPA)), which were not declared non-performing till August 31, 2020. Basis the said interim order the Group had not classified any additional borrower account as NPA as per RBI or other regulatory prescribed norms, after August 31, 2020 which were not NPA as of August 31, 2020. The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Group has complied with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

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 Financial Services Limited**

**Akeel Master**  
*Partner*  
Membership No: 046768

**Rajiv Sabharwal**  
*(Director)*  
(DIN No. : 00057333)

**F.N. Subedar**  
*(Director)*  
(DIN No. : 00028428)

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

Mumbai  
April 22, 2021

**Varsha Purandare**  
*(Director)*  
(DIN No. : 05288076)

**Sarosh Amaria**  
*(Managing Director)*  
(DIN No. : 08733676)

**Jaykumar Shah**  
*(Chief Financial Officer)*

**Sonali Punekar**  
*(Company Secretary)*



Form AOC - 1  
(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statements of subsidiaries/associates/joint ventures

(Rs in lakh)

Part "A": Subsidiaries														
Sr. No	Name of Subsidiary	The date since when subsidiary was acquired	Reporting currency and exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	Share Capital / Partner's Capital / Unitholder's Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before Taxation	Provision for taxation	Profit / (Loss) After Taxation	Proposed Dividend	% of Shareholding
NA.														

Part "B": Associates  
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

(Rs. In Lakh)

Sr. No	Name of Associate/Joint Venture	1. Latest audited Balance Sheet date	2. Date on which the Associate was associated or acquired	3. Shares of Associate held by the Company on the year end			4. Description of how there is significant influence	5. Reason why the Associate / Joint Venture has not been consolidated	6. Networth attributable to shareholding as per latest audited Balance Sheet	7. Profit/Loss for the year	
				No. of Shares	Amount of investment in Associate	Extent of Holding %				i. Considered in Consolidation	ii. Not Considered in Consolidation
1	Fincare Business Services Limited	March 31, 2020	March 21, 2017	25,47,910	734	0.78%	Based on rights under definitive documents	N.A.	690	(17)	(2,204)
2	Shriram Properties Limited	March 31, 2020	July 10, 2014	22,23,569	3,935	1.50%		N.A.	1,341	-	-
3	TVS Supply Chain Solutions Limited	March 31, 2020	September 3, 2015	1,45,488	981	0.42%		N.A.	248	(224)	(42,105)
4	Fincare Small Finance Bank Limited	March 31, 2020	January 21, 2021	9660	27	0.02%		N.A.	18	3	16,612

**For and on behalf of the Board of Directors**  
**TATA Capital Financial Services Limited**

**Raiiv Sabharwal**  
(Director)  
(DIN No. : 00057333)

**F.N. Subedar**  
(Director)  
(DIN No. : 00028428)

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

**Varsha Purandare**  
(Director)  
(DIN No. : 05288076)

**Sarosh Amaria**  
(Managing Director)  
(DIN No. : 08733676)

**Jaykumar Shah**  
(Chief Financial Officer)

**Sonali Punekar**  
(Company Secretary)

Mumbai  
April 22, 2021

## Form AOC - 1

(Pursuant to the first proviso to Sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statements of subsidiaries/associates/joint ventures

## Part "A": Subsidiaries

(Rs. In lakh)

Sr. No	Name of Subsidiary	The date since when subsidiary was acquired	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	Share Capital / Partner's Capital / Unitholder's Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before Taxation	Provision for taxation	Profit (Loss) After Taxation	Proposed Dividend	% of shareholding
Nil															

## Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associates Companies and Joint Ventures

Rs. In lakh

Sr. No	Name of Associate / Joint Venture	1. Latest audited Balance Sheet date	2. Date on which the Associate or Joint Venture was associated or acquired	3. Shares of Associate/Joint Venture held by the company on the year end			4. Description of how there is significant influence	5. Reason why the associate/joint venture has not been consolidated	6. Networth attributable to shareholding as per latest audited Balance Sheet	7. Profit/Loss for the year	
				No. of Shares	Amount of investment in Associate / Joint Venture	Extent of Holding %				i. Considered in Consolidation	ii. Not Considered in Consolidation
1	Shriram Properties Private Limited	March 31, 2020	July 10, 2014	22,23,569	3,935	1.50%			1,341	-	-
2	TVS Supply Chain Solutions Limited	March 31, 2020	September 3, 2015	1,45,488	981	0.42%	Based on rights under definitive documents	N.A.	248	(224)	(42,105)
3	Fincare Business Services Limited	March 31, 2020	March 21, 2017	25,47,910	734	0.78%			690	(17)	(2,204)
4	Fincare Small Finance Bank Limited	March 31, 2020	January 21, 2021	9,660	27	0.02%			18	3	16,612

For Tata Capital Financial Services Limited

Rajiv Sabharwal  
(Director)  
(DIN No. : 00057333)F.N. Subedar  
(Director)  
(DIN No. : 00028428)Anuradha E. Thakur  
(Director)  
(DIN No. : 06702919)Mumbai  
April 22, 2021Varsha Purandare  
(Director)  
(DIN No. : 05288076)Sarosh Amaria  
(Managing Director)  
(DIN No. : 08733676)Sonali Puneekar  
(Company Secretary)Jaykumar Shah  
(Chief Financial Officer)

# **Standalone Financial Statements**

# B S R & Co. LLP

Chartered Accountants

14th Floor, Central B Wing and North C Wing,  
Nesco IT Park 4, Nesco Center,  
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Goregaon (East), Mumbai - 400 063

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## Independent Auditors' Report

### To the Members of Tata Capital Financial Services Limited

#### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of Tata Capital Financial Services Limited (“the Company”), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the Standalone Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the “Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor’s Responsibilities for the Audit of the Standalone 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 Standalone 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 Standalone Financial Statements.

#### Key Audit Matters

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

Registered Office:

**Independent Auditors' Report (Continued)****Tata Capital Financial Services Limited****Key Audit Matters (Continued)**

Description of Key Audit Matters:

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p><b>Impairment of loans and advances to customers</b>  <b>Net Charge: INR 101,294 Lakhs for year ended 31 March 2021</b>  <b>Provision: INR 178,215 Lakhs at 31 March 2021</b></p>	
<p><i>Refer to the accounting policies in "Note 2(xi)(a) to the Standalone Financial Statements: Impairment", "Note 2(v) to the Standalone Financial Statements: Significant Accounting Policies- use of estimates" and "Note 7 to the Standalone Financial Statements: Loans, "Note 9 to the Standalone Financial Statements: Other Financial Assets", "Note 19 to the Standalone Financial Statements: Provisions", "Note 61 to the Standalone Financial Statements: Deferment and COVID 19", "Note 35A to the Standalone Financial Statements: Financial Risk Review : Credit Risk", "Note 36 to the Standalone Financial Statements: Financial Risk Management", "Note 62 to the Standalone Financial Statements: Impact of covid 19 on ECL impairment allowance", "Note 59 to the Standalone Financial Statements: Impact of Restructuring"</i></p>	
<p><b>Subjective estimate</b>  Recognition and measurement of impairment of loans and advances involve significant management judgement.</p> <p>Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECL are:</p> <ul style="list-style-type: none"> <li>Data inputs – The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</li> <li>Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Segmentation of Loan Book ("SLB"), Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.</li> </ul>	<p><b>Our key audit procedures included:</b></p> <p><b>Design / controls</b></p> <p>We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process.</p> <p>Key aspects of our controls testing involved the following:</p> <ul style="list-style-type: none"> <li>Evaluating the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109 and our business understanding.</li> <li>Understanding management's updated processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 Regulatory Package.</li> <li>Testing the 'Governance Framework' controls over validation, implementation, and model monitoring in line with the RBI guidance.</li> <li>Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.</li> <li>Testing the design and operating effectiveness of the key controls over the application of the staging criteria.</li> </ul>

**Independent Auditors' Report (Continued)****Tata Capital Financial Services Limited****Key Audit Matters (Continued)**

Description of Key Audit Matters:

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<b>Impairment of loans and advances to customers</b>	
<ul style="list-style-type: none"> <li>Economic scenarios – Ind AS 109 requires the Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them, including changes to methodology, especially when considering the current uncertain economic environment arising from COVID-19.</li> <li>Modifications of assets – the Company has had a significant volume of restructured loans in the current year on account of COVID-19 related restructuring measures prescribed by the regulatory bodies. This has resulted in increased management estimation over determination of losses for such restructured loans.</li> </ul> <p>Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. Such overlay adjustments were assessed for certain pools of customers where the Company assessed a higher risk of default basis their moratorium and bounce rate behavior. The overlay provision represents approximately 12.56% of the ECL provision as at 31 March 2021 for the Stage 1 and Stage 2 borrowers. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Standalone Financial Statements as a whole, and possibly many times that amount. Management has made disclosures regarding ECL approach in the credit risk sections of the Standalone Financial Statements (Note 35 A (i)).</p>	<ul style="list-style-type: none"> <li>Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights.</li> <li>Testing the design and operating effectiveness of the key controls over modification of assets including identification/staging of the modified asset.</li> <li>Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs or data used in assessment and identification of Significant Increase in Credit Risk ('SICR') and staging of the assets.</li> <li>Testing management's controls over authorization and calculation of post model adjustments and management overlays.</li> <li>Testing management's controls on compliance with Ind AS 109 disclosures related to ECL.</li> <li>Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations.</li> </ul> <p>Involvement of specialists - we involved financial risk modelling specialists for the following:</p> <ul style="list-style-type: none"> <li>Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays).</li> <li>The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination.</li> </ul> <p><b>Substantive tests</b></p> <p>Key aspects of our testing included:</p> <ul style="list-style-type: none"> <li>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.</li> </ul>

**Independent Auditors' Report (Continued)****Tata Capital Financial Services Limited****Key Audit Matters (Continued)**

<b>Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<b>Impairment of loans and advances to customers</b>	
<p><b>Disclosures</b></p> <p>The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions will also be an area of focus, particularly as this will be the first year some of these disclosures will be presented and are related to an area of significant estimate.</p>	<ul style="list-style-type: none"> <li>Performing credit reviews on sample basis over loans given to corporate customers.</li> <li>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.</li> <li>Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied.</li> <li>Performing test of details over calculation of ECL, in relation to the completeness, accuracy and relevance of data.</li> <li>Test of details of post model adjustments, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data.</li> </ul> <p>Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.</p>
<b>Information technology ("IT")</b>	
<b>IT systems and controls</b>	
<p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p>	<p>Our audit procedures to assess the IT system access management included the following.</p> <p>Involvement of specialists - we involved Information Technology specialists for the following:</p> <p><b>General IT controls / user access management controls</b></p> <ul style="list-style-type: none"> <li>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</li> <li>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</li> </ul>

**Independent Auditors' Report (Continued)****Tata Capital Financial Services Limited****Key Audit Matters (Continued)**

Key audit matter	How the matter was addressed in our audit
<b>Information technology ("IT")</b>	<ul style="list-style-type: none"> <li>• For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.</li> <li>• 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.</li> <li>• Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.</li> <li>• We obtained an understanding of the cyber security controls and user access management control in the work from home environment implemented by the organization.</li> </ul>

**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 Standalone Financial Statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone 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 Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Management's and Board of Directors' Responsibility for the Standalone 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 Standalone 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.



## **Independent Auditors' Report (*Continued*)**

### **Tata Capital Financial Services Limited**

#### **Management's and Board of Directors' Responsibility for the Standalone 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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 Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone 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 Standalone 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 Standalone 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 the Standalone 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 Standalone Financial Statements made by the Management and Board of Directors.

## **Independent Auditors' Report (*Continued*)**

### **Tata Capital Financial Services Limited**

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

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone 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 Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

- (A) As required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

## **Independent Auditors' Report (*Continued*)**

### **Tata Capital Financial Services Limited**

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

- d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its Standalone Financial Statements - Refer Note 42 to the Standalone 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 56 (xxiv) to the Standalone Financial Statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosures in the Standalone Financial Statements regarding the holdings as well as the dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the Standalone Financial Statements since they do not pertain to the financial year ended 31 March 2021.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

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

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Akeel Master**

*Partner*

Membership No: 046768

UDIN: 21046768AAAABT4313

Mumbai  
22 April 2021

## Tata Capital Financial Services Limited

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

We report that:

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a program of physical verification of fixed assets whereby all the items of fixed assets are verified once in three years. In our opinion, the periodicity of the physical verification is reasonable having regard to the size of the Company and the nature of its assets. On account of the COVID-19 virus outbreak and the nation-wise lock-down imposed in India, in the current year, the management has physically verified all material fixed assets. For the assets where physical verification exercise was completed, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties included in property, plant and equipment are held in the name of the Company.
- ii. The Company is a service company primarily engaged in lending business. Accordingly, it does not hold any inventories. Thus, the provision of clause 3(ii) of the Order is not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.
- iv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, made investments or provided guarantees and securities which attract the provisions of section 185 and section 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Rules framed there under apply. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.
- 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, value added tax, duty of customs and duty of excise.

## Tata Capital Financial Services Limited

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

- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they become payable.
- c. According to the information and explanations given to us, the Company did not have any dues on account of provident fund, employees' state insurance, goods and service tax, cess and other statutory dues applicable to the Company which have not been deposited on account of dispute. Details of dues of value added tax, income tax and central sales tax as on 31 March 2021, not deposited on account of disputes are given below:

Particulars	Period to which the amount relate (Financial Year)	Forum where dispute is pending	Amount in Rupees*
Income Tax	2016-17	Commissioner of Income Tax (Appellate Authority)	12,730,710
Income Tax	2017-18	Commissioner of Income Tax (Appellate Authority)	137,906,683
Value Added Tax	2012-13	Deputy Commissioner (Commercial Taxes)	63,127
Value Added Tax	2015-16	Deputy Commissioner (Commercial Taxes)	2,308,429
Value Added Tax	2015-16	Deputy Commissioner (Commercial Taxes)	7,865,064
Value Added Tax	2015-16 2016-17 2017-18	Deputy Commissioner (Commercial Taxes)	222,403
Value Added Tax	2016-17	Deputy Commissioner (Commercial Taxes)	478,397
Value Added Tax	2014-15	Deputy Commissioner (Commercial Taxes)	7,114,983
Value Added Tax	2014-15	Deputy Commissioner (Commercial Taxes)	1,120,630
Central Sales Tax	2014-15	Deputy Commissioner (Commercial Taxes)	295,312

\* The Amount has been determined as "amount as per demand order" received from the authorities, net off the part payment of tax under protest. The "amount as per demand order" is derived as aggregate tax liability subtracted by the total taxes paid (including tax deducted at source).

- 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, term loans taken by the Company have been generally applied for the purpose for which they were

## Tata Capital Financial Services Limited

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

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 Standalone 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 is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 4 November 2011.

For **B S R & Co. LLP**  
*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Akeel Master**  
*Partner*

Mumbai  
22 April 2021

Membership No: 046768  
UDIN: 21046768AAAABT4313



# Tata Capital Financial Services Limited

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

### **Report on the internal financial controls with reference to the Standalone 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 Standalone Financial Statements of Tata Capital Financial Services Limited (the 'Company') as of 31 March 2021 in conjunction with our audit of the Standalone 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 Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

#### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Standalone 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 Standalone 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 Standalone 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 Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone 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

## Tata Capital Financial Services Limited

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

#### **Auditor's Responsibility (Continued)**

auditor's judgement, including the assessment of the risks of material misstatement of the Standalone 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 Standalone Financial Statements.

#### **Meaning of Internal Financial controls with Reference to the Financial Statements**

A company's internal financial controls with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Standalone 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

#### **Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Standalone 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 Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Standalone Financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Akeel Master**

*Partner*

Membership No: 046768

UDIN: 21046768AAAABT4313

Mumbai  
22 April 2021



# Tata Capital Financial Services Limited

## Standalone Balance Sheet

as at March 31, 2021

(Rs. in lakh)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>(1) Financial assets</b>			
(a) Cash and cash equivalents	3	1,00,316	1,58,466
(b) Bank balances other than (a) above	4	109	72
(c) Derivative financial instruments	6	-	5,674
(d) Receivables			
(i) Trade receivables	5	1,962	4,060
(ii) Other receivables		-	-
(e) Loans	7	42,83,828	42,62,457
(f) Investments	8	1,30,906	19,013
(g) Other financial assets	9	62,293	44,522
<b>Total financial assets</b>		<b>45,79,414</b>	<b>44,94,264</b>
<b>(2) Non-financial assets</b>			
(a) Current tax assets (net)	12(i)	11,551	12,703
(b) Deferred tax assets (net)	12(ii)	56,698	50,788
(c) Investment property		-	-
(d) Property, plant and equipment	10	67,532	84,921
(e) Capital work-in-progress		-	52
(f) Intangible assets under development		633	108
(g) Goodwill		-	-
(h) Other intangible assets	10	2,018	2,036
(i) Right of use assets	39	7,294	8,739
(j) Other non-financial assets	11	15,977	28,625
<b>Total non-financial assets</b>		<b>1,61,703</b>	<b>1,87,972</b>
<b>Total Assets</b>		<b>47,41,117</b>	<b>46,82,236</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>(1) Financial liabilities</b>			
(a) Derivative financial instruments	6	18,222	3,381
(b) Payables			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	13(ii)	81	50
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13(i)	63,607	46,022
(ii) Other trade payables			
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Debt Securities	14	20,05,053	18,98,850
(d) Borrowings (Other than debt securities)	15	14,93,532	16,96,156
(e) Deposits		-	-
(f) Subordinated liabilities	16	3,55,532	3,06,930
(g) Lease liability	39	8,092	9,427
(h) Other financial liabilities	17	93,647	83,186
<b>Total financial liabilities</b>		<b>40,37,766</b>	<b>40,44,002</b>
<b>(2) Non-Financial liabilities</b>			
(a) Current tax liabilities (net)	18	20,316	7,744
(b) Provisions	19	2,543	3,506
(c) Other non-financial liabilities	20	6,958	5,648
<b>Total non-financial liabilities</b>		<b>29,817</b>	<b>16,898</b>
<b>(3) Equity</b>			
(a) Equity share capital	21	1,62,993	1,62,993
(b) Other equity	22	5,10,541	4,58,343
<b>Total Equity</b>		<b>6,73,534</b>	<b>6,21,336</b>
<b>Total Liabilities and Equity</b>		<b>47,41,117</b>	<b>46,82,236</b>
Significant accounting policies	2	-	-
See accompanying notes forming part of the financial statements	3-67		
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 Financial Services Limited**

**Akeel Master**  
Partner  
Membership No: 046768

**Rajiv Sabharwal**  
(Director)  
(DIN No. : 00057333)

**F.N. Subedar**  
(Director)  
(DIN No. : 00028428)

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

Mumbai  
April 22, 2021

**Varsha Purandare**  
(Director)  
(DIN No. : 05288076)

**Sarosh Amaria**  
(Managing Director)  
(DIN No. : 08733676)

**Jaykumar Shah**  
(Chief Financial Officer)

**Sonali Puneekar**  
(Company Secretary)

# Tata Capital Financial Services Limited

## Standalone Statement of Profit and Loss

for the year ended March 31, 2021

(Rs. in lakh)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I Revenue from operations</b>			
(i) Interest income	23	5,25,558	5,47,075
(ii) Dividend income	24	1	590
(iii) Rental income	25	38,083	39,879
(iv) Fees and commission income	26	9,132	10,756
(v) Net gain on fair value changes	27	18,624	-
(vi) Gain on derecognition of investment measured at cost		534	-
<b>Total Revenue from operations</b>		<b>5,91,932</b>	<b>5,98,300</b>
<b>II Other income</b>	28	7,234	7,895
<b>III Total Income (I+II)</b>		<b>5,99,166</b>	<b>6,06,195</b>
<b>IV Expenses</b>			
(i) Finance costs	29	2,89,885	3,25,673
(ii) Net loss on fair value changes	27	-	9,393
(iii) Impairment of investment measured at cost		-	950
(iv) Impairment of financial instruments	31	1,01,294	86,351
(v) Employee benefits expense	30	43,811	45,027
(vi) Depreciation and amortisation and impairment	10	31,974	37,179
(vii) Other expenses	32	49,698	56,372
<b>Total expenses (IV)</b>		<b>5,16,662</b>	<b>5,60,945</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>82,504</b>	<b>45,250</b>
<b>VI Exceptional Items</b>		-	-
<b>VII Profit before tax (V-VI)</b>		<b>82,504</b>	<b>45,250</b>
<b>VIII Tax expense</b>			
(1) Current tax	12(i)	20,240	19,684
(2) Deferred tax	12(ii)	(5,435)	14,205
<b>Net tax expense</b>		<b>14,805</b>	<b>33,889</b>
<b>IX Profit for the year from continuing operations (VII-VIII)</b>		<b>67,699</b>	<b>11,361</b>
<b>X Profit from discontinued operations before tax</b>		-	-
<b>XI Tax expense of discontinued operations</b>		-	-
<b>XII Profit from discontinued operations (after tax) (X-XI)</b>		-	-
<b>XIII Profit for the year (IX+XII)</b>		<b>67,699</b>	<b>11,361</b>
<b>XIV Other Comprehensive Income</b>			
<b>A (i) Items that will be reclassified subsequently to statement of profit and loss</b>			
(a) Fair value gain/(loss) on financial assets carried at Fair Value Through Other Comprehensive Income (FVTOCI)		161	(258)
(b) Income tax relating to fair value gain on financial assets carried at FVTOCI		(41)	65
(c) The effective portion of loss on hedging instruments in a cash flow hedge		(2,047)	(784)
(d) Income tax relating to the effective portion of loss on hedging instruments in a cash flow hedge		515	197
<b>(ii) Items that will not be reclassified subsequently to statement of profit and loss</b>			
(a) Remeasurement of defined employee benefit plans		804	(775)
(b) Income tax relating to items that will not be reclassified to profit or loss		(202)	195
<b>Total Other Comprehensive Income</b>		<b>(810)</b>	<b>(1,360)</b>
<b>XV Total Comprehensive Income for the year (XIII+XIV)(Comprising Profit and Other Comprehensive Income for the year)</b>		<b>66,889</b>	<b>10,001</b>

# TATA Capital Financial Services Limited

## Standalone Statement of Profit and Loss

for the year ended March 31, 2021

(Rs. in lakh)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>XVI Earnings per equity share (for continuing operation):</b>			
(1) Basic (Rupees)		4.15	0.91
(2) Diluted (Rupees)		4.15	0.91
<b>XVII Earnings per equity share (for discontinued operation):</b>			
(1) Basic (Rupees)		-	-
(2) Diluted (Rupees)		-	-
<b>XVIII Earnings per equity share (for continuing and discontinued operations)</b>			
(1) Basic (Rupees)		4.15	0.91
(2) Diluted (Rupees)		4.15	0.91
Significant accounting policies	2		
See accompanying notes forming part of the financial statements	3-67		

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 Financial Services Limited**

**Akeel Master**  
Partner  
Membership No: 046768

**Rajiv Sabharwal**  
(Director)  
(DIN No. : 00057333)

**F.N. Subedar**  
(Director)  
(DIN No. : 00028428)

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

Mumbai  
April 22, 2021

**Varsha Purandare**  
(Director)  
(DIN No. : 05288076)

**Sarosh Amaria**  
(Managing Director)  
(DIN No. : 08733676)

**Jaykumar Shah**  
(Chief Financial Officer)

**Sonali Punekar**  
(Company Secretary)

# Tata Capital Financial Services Limited

## Standalone Cash Flow Statement

for the year ended March 31, 2021

(Rs. in lakh)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>1 CASH FLOW USED IN OPERATING ACTIVITIES</b>			
Profit before tax		82,504	45,250
<b>Adjustments for :</b>			
Depreciation and amortisation		31,974	37,179
Net Loss/ (gain) on derecognition of property, plant and equipment		46	(671)
Finance cost		2,89,885	3,25,673
Interest income		(5,25,558)	(5,47,075)
Dividend Income		(1)	(590)
Net loss / (gain) on fair value changes			
- Realised		(11,030)	(5,369)
- Unrealised		(7,594)	14,762
Net (gain) / loss on derecognition of investment measured at cost		(534)	950
Share based payments- Equity-settled		303	386
Provision for leave encashment		(106)	221
Impairment loss allowance on loans (Stage I & II)		8,765	16,895
Impairment loss allowance on loans (Stage III)		92,517	69,695
Provision against trade receivables		12	(239)
Provision against assets held for sale		(466)	(746)
<b>Operating Loss before working capital changes and adjustments for interest received, interest paid and dividend received</b>		<b>(39,283)</b>	<b>(43,679)</b>
Adjustments for :			
Decrease/(Increase) in trade receivables		2,086	(936)
Increase in Loans		(1,25,039)	(16,770)
Increase in other financial/non financial assets		(12,257)	(17,286)
Increase in other financial/ non financial liabilities		29,415	6,711
<b>Cash used in operations before adjustments for interest received, interest paid and dividend received</b>		<b>(1,45,078)</b>	<b>(71,960)</b>
Interest paid		(2,62,702)	(3,12,174)
Interest received		5,21,997	5,27,294
Dividend received		1	590
<b>Cash from operations</b>		<b>1,14,217</b>	<b>1,43,750</b>
Taxes paid		(6,718)	(28,761)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>		<b>1,07,499</b>	<b>1,14,989</b>
<b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment (including capital advances)		(5,524)	(21,845)
Proceeds from sale of property, plant and equipment		5,517	2,069
Purchase of investments		(1,29,356)	-
Purchase of mutual fund units		(8,67,96,959)	(2,10,72,293)
Proceeds from redemption of mutual fund units		8,68,02,074	2,10,77,462
Proceeds from sale of investments		32,581	3,500
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>		<b>(91,667)</b>	<b>(11,107)</b>
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Equity Shares		-	25,000
Debenture issue / loan processing expenses		(1,349)	(4,976)
Interim dividend paid on equity and preference shares (including dividend distribution tax)		(14,995)	(9,196)
Proceeds from borrowings (Other than debt securities)		19,76,211	44,74,467
Proceeds from Debt Securities		26,36,650	20,86,520
Proceeds from Subordinated liabilities		47,408	56,292
Repayment of Borrowings (Other than debt securities)		(21,74,110)	(40,59,812)
Repayment of Debt Securities		(25,40,243)	(24,98,403)
Repayment of Subordinated liabilities		(165)	(90,546)
Repayment of lease liabilities		(3,389)	(3,202)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>		<b>(73,982)</b>	<b>(23,856)</b>

# TATA Capital Financial Services Limited

## Standalone Cash Flow Statement (*Continued*)

for the year ended March 31, 2021

(Rs. in lakh)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
NET DECREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		(58,150)	80,026
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		1,58,466	78,440
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		1,00,316	1,58,466
<b>Reconciliation of cash and cash equivalents as above with cash and bank balances</b>			
Cash and Cash equivalents at the end of the year as per above		1,00,316	1,58,466
Add : Restricted Cash		69	34
Add: Fixed deposits with original maturity over 3 months		40	38
CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES AS AT THE END OF THE YEAR		1,00,425	1,58,538

Significant accounting policies

2

See accompanying notes forming part of the financial statements

3-67

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 Financial Services Limited

**Akeel Master**  
Partner  
Membership No: 046768

**Rajiv Sabharwal**  
(Director)  
(DIN No. : 00057333)

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(Director)  
(DIN No. : 06702919)

Mumbai  
April 22, 2021

**Varsha Purandare**  
(Director)  
(DIN No. : 05288076)

**Sarosh Amaria**  
(Managing Director)  
(DIN No. : 08733676)

**Jaykumar Shah**  
(Chief Financial Officer)

**Sonali Punekar**  
(Company Secretary)

# Tata Capital Financial Services Limited

## Statement of Changes in Equity

for the year ended March 31, 2021

(Rs. in lakh)

### a. Equity share capital

Particulars	Rs. in Lakh
Balance as at April 1, 2019	1,37,556
Changes in equity share capital during the period	25,437
Balance as at March 31, 2020	1,62,993
Changes in equity share capital during the period	-
Balance at March 31, 2021	1,62,993

### b. Other equity

Particulars	Reserves and surplus		Item of other comprehensive income							Total other equity
	Securities premium	Debenture Redemption Reserve	Special Reserve Account	Retained earnings	General Reserve	Share options outstanding account	Cost of hedge reserve	Remeasurement of defined benefit liability /asset	Fair value gain / (loss) on Financial Assets carried at FVTOCI	
Balance at April 1, 2019	1,46,648	30,000	46,982	42,303	429	536	-	(309)	218	2,66,807
Profit for the period	-	-	-	11,361	-	-	-	-	-	11,361
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	(587)	(580)	(193)	(1,360)
Ind AS 116 transition impact	-	-	-	(1,205)	-	-	-	-	-	(1,205)
<b>Total comprehensive income for the period</b>	-	-	-	<b>10,156</b>	-	-	<b>(587)</b>	<b>(580)</b>	<b>(193)</b>	<b>8,796</b>
Share issue expenses	(214)	-	-	-	-	-	-	-	-	(214)
Transfer to stock reserve - equity settled options	-	-	-	-	427	(427)	-	-	-	-
Share based payment expense	-	-	-	-	-	386	-	-	-	386
Premium on issue of Equity Shares	1,88,463	-	-	-	-	-	-	-	-	1,88,463
Transfer to Special Reserve Account	-	-	4,091.00	(4,091)	-	-	-	-	-	-
Interim Dividend on equity shares (including tax on dividend)	-	-	-	(5,895)	-	-	-	-	-	(5,895)
<b>Balance at March 31, 2020</b>	<b>3,34,897</b>	<b>30,000</b>	<b>51,073</b>	<b>42,473</b>	<b>856</b>	<b>495</b>	<b>(587)</b>	<b>(889)</b>	<b>25</b>	<b>4,58,343</b>
Profit for the period	-	-	-	67,699	-	-	-	-	-	67,699
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-	(1,531)	602	120	(809)
<b>Total comprehensive income for the period</b>	-	-	-	<b>67,699</b>	-	-	<b>(1,531)</b>	<b>602</b>	<b>120</b>	<b>66,890</b>
Transfer to stock reserve - equity settled options	-	-	-	-	328	(328)	-	-	-	-
Share based payment expense	-	-	-	-	-	303	-	-	-	303
Interim Dividend on equity shares (including tax on dividend)	-	-	-	(14,995)	-	-	-	-	-	(14,995)
Transfer to Special Reserve Account	-	-	13,540	(13,540)	-	-	-	-	-	-
<b>Balance at March 31, 2021</b>	<b>3,34,897</b>	<b>30,000</b>	<b>64,613</b>	<b>81,637</b>	<b>1,184</b>	<b>470</b>	<b>(2,118)</b>	<b>(287)</b>	<b>145</b>	<b>5,10,541</b>

Significant accounting policies

2

See accompanying notes forming part of the financial statements

3-67

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 Financial Services Limited**

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Partner

Membership No: 046768

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**Sarosh Amaria**

(Managing Director)

(DIN No. : 08733676)

**Jaykumar Shah**

(Chief Financial Officer)

**Sonali Punekar**

(Company Secretary)

Mumbai

April 22, 2021

# **TATA CAPITAL FINANCIAL SERVICES LIMITED**

## **Notes forming part of the Standalone Financial Statements**

### **1. CORPORATE INFORMATION**

Tata Capital Financial Services Limited (the "Company") is a wholly owned subsidiary of Tata Capital Limited and a Systemically Important Non-Deposit Accepting Non-Banking Finance Company ("NBFC"), holding a Certificate of Registration from the Reserve Bank of India ("RBI") dated November 4, 2011. The Company is domiciled in India and incorporated under the Companies Act, 2013 and listed its non-convertible debentures with BSE Limited and National Stock Exchange Limited.

### **2. Basis of Preparation**

#### **i. Statement of compliance**

These standalone or separate financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act, guidelines issued by the Reserve Bank of India as applicable to an NBFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS required a change in the accounting policy hitherto in use. The financial statements were authorised for issue by the Board of Directors (BOD) on April 22, 2021.

#### **ii. Presentation of financial statements**

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

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

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

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Standalone Financial Statements (*Continued*)

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:

<b>Items</b>	<b>Measurement basis</b>
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:



## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Standalone Financial Statements (*Continued*)

- 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 34A and 34B

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 xi - 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 xii - impairment test of non-financial assets: key assumption underlying recoverable amounts.
- Note xi - 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

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Standalone Financial Statements (*Continued*)

- 
- Note xii - useful life of property, plant, equipment and intangibles.
- Note 42 - Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions
- Note xxi – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note xiv – measurement of defined benefit obligations: key actuarial assumptions.
- Note 34A and Note 34B – determination of the fair value of financial instruments with significant unobservable inputs.
- Note 35A(iii) – impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition, assumptions used in estimating recoverable cash flows and incorporation of forward-looking information in the measurement of expected credit loss (ECL). The weights assigned to different scenarios for measurement of forward looking ECL, i.e. best case, worst case and base case also requires judgement.
- 

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

#### **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

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Standalone Financial Statements (*Continued*)

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. Fee and Commission income not integral to effective interest rate (EIR) method under Ind AS 109 and Fee and Commission 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, underwriting commission, income from private equity, distribution from private equity funds, income from distribution from financial products (brokerage) (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

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

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 and preference share of corporate bodies and units of mutual funds is accounted when the Company's right to receive dividend is established and it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. Dividend income on financial assets measured at fair value through profit and loss is presented under Dividend income and not as a part of Net gains/(losses) on fair value changes.

#### **ix. Leases**

Asset given on lease:

Leases are classified as operating lease where significant portion of risks and reward of ownership of assets acquired under lease is retained by the lessor. Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessee are classified as finance lease.

Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return. The principal amount received reduces the net investment in the lease and interest is recognised as revenue.

Lease rental - under operating leases (excluding amount for services such as insurance and maintenance) are recognised on a straight-line basis over the lease term, except for increase in line with expected inflationary cost increases.

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.

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Standalone Financial Statements (*Continued*)

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 to 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.

#### **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

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Standalone Financial Statements (*Continued*)

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. Trade Receivables are measured at transaction price.

##### **a) Financial assets**

###### **Classification**

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

- 1) amortised cost;
- 2) fair value through other comprehensive income (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.

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

All financial 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 financial 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.

Investment in associates are recognised at cost.

#### ***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;

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Standalone Financial Statements (*Continued*)

- 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.



## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Standalone Financial Statements (*Continued*)

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.
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#### **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 35A(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.

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (Continued)**

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. Defaulted accounts include customers reported as fraud in the FRMC. The Company records an allowance for the LTECLs.

#### **Undrawn loan commitments**

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

#### **Financial guarantee contract:**

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

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

- the amount of the loss allowance determined in accordance with Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Company's revenue recognition policies. The Company has not designated any financial guarantee contracts as FVTPL.

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

#### **The Measurement of ECLs**

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

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

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

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

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

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

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

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

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

The mechanics of the ECL method are summarised below:

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

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

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

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

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

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

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information (Refer Note 35A(iii)).

#### **Impairment of Trade receivable and Operating lease receivable**

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

#### **Write-off**

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

#### **Collateral valuation and repossession**

To mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the powers conferred on the Non Banking Finance Companies under the

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Standalone Financial Statements (*Continued*)

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:**

<b>Type of Financial asset</b>	<b>Disclosure</b>
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

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

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.

#### **Securitization and Assignment**

In case of transfer of loans through securitisation and direct assignment transactions, the transferred loans are de-recognised and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract.

In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

#### **Financial liability, Equity and Compound Financial Instruments**

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

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

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

#### **Financial liabilities**

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

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,

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

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

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with its floating rate borrowings arising from changes in interest rates and exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

#### **Cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flows hedges'. The effective portion of changes in the



## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in fair value of the derivative is recognised immediately in profit or loss.

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

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

#### **c) Cash, Cash equivalents and bank balances**

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

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (Continued)**

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. The residual value of each asset given on Operating lease is determined at the time of recording of the lease asset. If the residual value of the Operating lease asset is higher than 5%, the Company has a justification in place for considering the same.

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, electrical installation and 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 on tangible property, plant and equipment deployed on operating lease has been provided on the straight-line method over the primary lease period of the asset. 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

## TATA CAPITAL FINANCIAL SERVICES LIMITED

### Notes forming part of the Standalone Financial Statements (Continued)

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, while Goodwill if any is tested for impairment at each Balance Sheet date. 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
Construction Equipment	2 to 13.5 years
Furniture and Fixtures	Owned: 10 years Leased: 3 to 7 years
Computer Equipment	Owned: 3 to 4 years Leased: 2 to 4 years
Office Equipment	Owned: 5 years Leased: 3 to 5 years
Vehicles	Owned: 4 years Leased: 1 to 5 years
Software Licenses	Owned: 1 to 10 years Leased: 1 to 3 years
Buildings	25 years
Plant & Machinery	Owned: 10 years Leased: 2 to 15 years
Railway Wagons	Leased: 6 years
Electrical Installation & Equipment	Leased: 3 to 6 years
Networking Assets	Leased: 2 to 4 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.

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

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:**

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

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 superannuation fund .

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

##### **Defined contribution plans**

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

##### **Defined benefit plans**

The Company makes Provident Fund contributions, a defined benefit plan for qualifying employees. Under the Schemes, both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, except that the employer's contribution towards pension fund is paid to the Regional Provident Fund office, as specified under the law, are made to the provident fund set up as an irrevocable trust by Tata Capital Limited ("the ultimate parent Company"). The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall on account of , if any, shall be made good by the Company. Hence the Company is 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. The total liability in respect of the interest shortfall of the Fund is determined on the basis of an actuarial valuation. The interest liability arising only to the extent of the aforesaid differential shortfalls is a defined benefit plan. There is no such shortfall as at March 31, 2021.

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

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

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

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.

#### **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.

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

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

#### **xvi. Operating Segments**

The Company's main business is financing by way of loans for retail and corporate borrowers in India. The Company's operating segments consist of "Financing Activity", "Investment Activity" and "Others". All other activities of the Company revolve around the main businesses. This in the context of Ind AS 108 – operating segments reporting are considered to constitute reportable segment. The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors. Operating segment disclosures are consistent with the information reviewed by the CODM.

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available. Accordingly, all operating segment's operating results of the Company are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance.

The "Financing Activity" segment consists of asset financing, term loans (corporate and retail), channel financing, credit substitutes, investments linked to/arising out of lending business and bill discounting. The "Investment Activity" segment includes corporate investments and "Others"

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (*Continued*)**

segment primarily includes advisory services, wealth management, distribution of financial products and leasing.

Revenue and expense directly attributable to segments are reported under each operating segment. Expenses not directly identifiable to each of the segments have been allocated to each segment on the basis of associated revenues of each segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses.

Assets and liabilities that are directly attributable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable.

#### **xvii. Investments in associates**

The Company has elected to measure investment in associate at cost as per Ind AS 27 – Separate Financial Statements, accordingly measurement at fair value through statement of profit and loss account and related disclosure under Ind AS 109 does not apply.

#### **xviii. 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

#### **xix. 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,



## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (Continued)**

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.

#### **xx. 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.

#### **xxi. 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.

## **TATA CAPITAL FINANCIAL SERVICES LIMITED**

### **Notes forming part of the Standalone Financial Statements (Continued)**

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

#### **xxii. Commitments**

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

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

#### **xxiii. 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.

#### **xxiv. 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.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 3. CASH AND CASH EQUIVALENTS

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) Cash on hand	12	12
(b) Balances with banks		
- In current accounts	99,065	1,58,215
(c) Cheques on hand	1,239	239
<b>Total</b>	<b>1,00,316</b>	<b>1,58,466</b>

**Note:**

- (i) As at March 31, 2021, the Company had undrawn committed borrowing facilities of Rs. 4,43,500 Lakh ( March 31, 2020 : Rs. 5,14,300 Lakh).

### 4. OTHER BALANCES WITH BANKS

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) Balances with banks in current accounts (refer note (i) below)	69	34
(b) Balances with banks in deposit accounts (Refer note below)	40	38
<b>Total</b>	<b>109</b>	<b>72</b>

**Note:**

- (i) Balance with banks in current accounts includes Rs. 69 lakh ( March 31, 2020 : Rs. 34 lakh) towards Unclaimed matured debentures and accrued interest thereon.
- (ii) 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	As at
	March 31, 2021	March 31, 2020
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	1,962	4,060
(iii) Receivables which have significant increase in credit risk - unsecured	45	33
(iv) Receivables - credit impaired - unsecured	-	-
	<b>2,007</b>	<b>4,093</b>
Less: Allowance for impairment loss		
(i) Significant increase in credit risk	45	33
(ii) credit impaired	-	-
<b>Total</b>	<b>1,962</b>	<b>4,060</b>

Trade receivables include amounts due from the related parties Rs. 115 lakh (March 31, 2020: Rs. 190 lakh).

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

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 6. Derivative financial instruments

As at March 31, 2021

Derivatives held for hedging and risk management purposes	Notional value - USD (in mn)	Notional value - JPY (in mn)	Notional value (Rs. in lakh)	Fair value assets (Rs. in lakh)	Fair value liabilities (Rs. in lakh)
Foreign exchange forward	113	14,555	1,79,489	-	15,104
Interest rate swap	108	-	79,088	-	1,758
Cross currency swap	50	-	36,615	-	1,304
Interest rate Cap	-	14,388	95,174	-	56
<b>Total</b>	<b>271</b>	<b>28,942</b>	<b>3,90,366</b>	<b>-</b>	<b>18,222</b>

As at March 31, 2020

Derivatives held for hedging and risk management purposes	Notional value - USD (in mn)	Notional value - JPY (in mn)	Notional value (Rs. in lakh)	Fair value assets (Rs. in lakh)	Fair value liabilities (Rs. in lakh)
Foreign exchange forward	117	14,656	1,88,509	5,674	801
Interest rate swap	108	-	80,723	-	2,488
Interest rate Cap	-	14,388	99,462	-	92
<b>Total</b>	<b>225</b>	<b>29,044</b>	<b>3,68,694</b>	<b>5,674</b>	<b>3,381</b>

#### 6.1 Disclosure of effects of hedge accounting on financial position and exposure to foreign currency

As at March 31, 2021

(Rs. in Lakh)

PARTICULARS	Notional amount	Carrying amount of hedging instruments assets	Carrying amount of hedging instruments liabilities	Weighted average contract / strike price of the hedging instrument (Rupees)	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness profit / (loss)
INR USD - Forward exchange contracts	83,210	-	1,465	80.98	(1,465)
INR JPY - Forward exchange contracts	96,278	-	13,639	0.82	(13,639)
INR USD - Currency Swaps	36,615	-	1,304	76.07	(1,304)

As at March 31, 2020

(Rs. in Lakh)

PARTICULARS	Notional amount	Carrying amount of hedging instruments assets	Carrying amount of hedging instruments liabilities	Weighted average contract / strike price of the hedging instrument (Rupees)	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness profit / (loss)
INR USD - Forward exchange contracts	87,190	5,413	-	80.98	5,413
INR JPY - Forward exchange contracts	1,01,319	260	801	0.82	(541)

## 6 Derivative financial instruments (Continued)

### Hedged item

As at March 31, 2021					(Rs. in Lakh)
PARTICULARS	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cost of hedge reserve as at (Rs. in lakh)	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve	
FCY Term Loans	(1,258)	(17,796)	-	-	

As at March 31, 2020					(Rs. in Lakh)
PARTICULARS	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cost of hedge reserve as at (Rs. in lakh)	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve	
FCY Term Loans	(8,600)	(3,728)	-	-	

### 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, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Forward exchange contracts and Currency swaps	(13,939)	(3,728)	-	-

### 6.3 Movements in the cost of hedge reserve are as follows:

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	(587)	-
Effective portion of changes in fair value Currency Swap	(1,304)	-
Effective portion of changes in fair value Interest rate risk	730	(2,488)
Effective portion of changes in fair value Interest rate Cap	36	(92)
Effective portion of changes in fair value foreign currency risk	(19,977)	4,873
Foreign currency translation differences	7,342	(8,600)
Foreign currency translation differences on interest	(130)	-
Amortisation of forward premium	11,257	5,523
Tax on movements on reserves during the year	515	197
<b>Closing Balance</b>	<b>(2,118)</b>	<b>(587)</b>

All hedges are 100% effective i.e. there is no ineffectiveness (refer note 36)

### 6.4 Average fixed interest rate:

- Interest rate swap: 2.74%
- Cross currency swap: 6.12%
- Interest rate cap: 0.70%

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 7. LOANS

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>LOANS</b>		
<b>(A)</b>		
<b>- Amortised Cost</b>		
(i) Bills purchased and bills discounted	1,18,666	42,008
(ii) Term loans	40,75,020	41,15,678
(iii) Credit substitutes (refer note 7(a) below)	1,72,320	1,79,530
(iv) Finance lease and hire purchase	92,515	78,072
(v) Retained portion of assigned loans	1,658	2,252
(vi) Loan to TCL employee welfare trust	6,536	6,286
<b>- At Fair Value through Other Comprehensive Income</b>		
- Term loans	4,649	4,234
<b>- At Fair Value through Profit and Loss</b>		
- Credit substitutes (refer note 7(a) below)	1,000	1,000
<b>Gross Loans</b>	<b>44,72,364</b>	<b>44,29,060</b>
<b>Less : Impairment loss allowance</b>		
- Stage I & II	82,941	73,645
- Stage III	94,077	82,714
<b>Loans net of impairment loss allowance</b>	<b>42,95,346</b>	<b>42,72,701</b>
Add: Unamortised loan sourcing costs	8,004	13,408
Less : Revenue received in advance	(19,522)	(23,652)
<b>Total (A)</b>	<b>42,83,828</b>	<b>42,62,457</b>
<b>(B)</b>		
(i) Secured by tangible assets	25,98,028	24,89,657
(ii) Secured by intangible assets	-	-
(iii) Covered by bank / government guarantees	-	-
(iv) Unsecured	18,74,336	19,39,403
<b>Gross Loans</b>	<b>44,72,364</b>	<b>44,29,060</b>
<b>Less : Impairment loss allowance</b>		
- at amortised cost		
- Stage I & II	82,941	73,645
- Stage III	94,077	82,714
<b>Loans net of impairment loss allowance</b>	<b>42,95,346</b>	<b>42,72,701</b>
Add: Unamortised loan sourcing costs	8,004	13,408
Less : Revenue received in advance	(19,522)	(23,652)
<b>Total (B)</b>	<b>42,83,828</b>	<b>42,62,457</b>
<b>(C)</b>		
<b>(I) Loans in India</b>		
(i) Public sector	-	-
(ii) Others	44,72,364	44,29,060
<b>Gross Loans</b>	<b>44,72,364</b>	<b>44,29,060</b>
<b>Less : Impairment loss allowance</b>		
- at amortised cost		
- Stage I & II	82,941	73,645
- Stage III	94,077	82,714
<b>Loans net of impairment loss allowance</b>	<b>42,95,346</b>	<b>42,72,701</b>
Add: Unamortised loan sourcing costs	8,004	13,408
Less : Revenue received in advance	(19,522)	(23,652)
<b>Total (C) (I)</b>	<b>42,83,828</b>	<b>42,62,457</b>
<b>(II) Loans outside India</b>		
(i) Public sector	-	-
(ii) Others	-	-
<b>Total - Loans outside India</b>	<b>-</b>	<b>-</b>
<b>Total (C) (I + II)</b>	<b>42,83,828</b>	<b>42,62,457</b>

7. a. Investments in bonds, debentures and other financial instruments which, in substance, form a part of the Company's financing activities ("Credit Substitutes") have been classified under Loans . In the past these were classified as a part of Investments. Management believes that the classification results in a better presentation of the substance of these investments and is in alignment with regulatory filings.
7. b. Impairment allowance towards loan designated as FVTOCI amounting to Rs. 18 lakh (as on March 31, 2020 : Rs. 20 lakh)
7. c. Impairment loss allowance includes impairment loss allowance on loans under fair value through profit and loss Rs. 4 lakh (As on March 31, 2020 : Rs 5 lakh)
7. d. Loans given to related parties Rs. 60,606 lakh (as on March 31, 2020 : Rs. 60,606 lakh).
7. e. The details of Gross investments and unearned finance income in respect of assets given under finance lease are as under:

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>Gross Investments:</b>		
- Within one year	37,680	27,370
- Later than one year and not later than five years	51,217	52,656
- Later than five years	717	1,288
<b>Total</b>	<b>89,614</b>	<b>81,314</b>
<b>Unearned Finance Income:</b>		
- Within one year	10,935	6,282
- Later than one year and not later than five years	4,261	8,676
- Later than five years	25	97
<b>Total</b>	<b>15,221</b>	<b>15,055</b>
<b>Present Value of Rentals *:</b>		
- Within one year	26,745	21,088
- Later than one year and not later than five years	46,956	43,980
- Later than five years	692	1,191
<b>Total</b>	<b>74,394</b>	<b>66,259</b>

\* Present Value of Rentals represent the Current Future Outstanding Principal.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 8. INVESTMENTS

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>Investments in India</b>		
<b>(A) Investments carried at fair value through profit or loss</b>		
Fully paid equity shares (quoted)	10,980	9,042
Fully paid equity shares (unquoted)	3,689	3,356
Mutual and other funds (quoted)	-	50
Mutual and other funds (unquoted)	1,602	1,547
Security receipts	90	419
<b>(B) Investments carried at Amortised Cost</b>		
Investment in Government Securities	21,347	-
Investment in Treasury Bills	89,056	-
	<b>1,26,764</b>	14,414
<b>(C) Investments carried at cost</b>		
<b>Associates companies</b>		
Fully paid equity shares (unquoted)	5,677	6,134
Less: Diminution in value of investments	1,535	1,535
Net Carrying value of investments	<b>4,142</b>	4,599
<b>Total Investments</b>	<b>1,30,906</b>	<b>19,013</b>

The market value of quoted investment is equal to the book value.

Note : There are no investments outside India.



# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 9. OTHER FINANCIAL ASSETS

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) Security deposits	6,429	6,747
(b) Advances recoverable from related parties	612	448
(c) Pass Through Certificate application money (refundable)	6,060	-
(d) Receivable on sale/redemption of investment	162	162
Less : Provision for receivable on sale/redemption of investment	(162)	(162)
Net receivable on sale/redemption of investment	-	-
(e) Income accrued but not due	8,113	6,888
(f) Advances to employees	73	309
(g) Receivable under letter of credit/buyer's credit facility	37,255	29,369
Less : Provision for letter of credit/buyer's credit facility	149	135
Net receivable under letter of credit/buyer's credit facility	37,106	29,234
(h) Receivable from Government of India towards Ex-gratia	2,377	-
(i) Other receivables	1,523	896
<b>Total</b>	<b>62,293</b>	<b>44,522</b>

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

10. PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block				Accumulated depreciation and amortisation					Net Carrying Value
	Opening balance as at April 1, 2020	Additions/ Adjustments	Deletions	Written off during the year*	Closing balance as at March 31, 2021	Opening balance as at April 1, 2020	Depreciation/ Amortisation for the year **	Deletions/ Adjustments	Closing balance as at March 31, 2021	As at March 31, 2021
<b>TANGIBLE ASSETS</b>										
Buildings #	3,677	-	-	-	3,677	600	199	-	799	2,878
	3,677	-	-	-	3,677	400	200	-	600	3,077
Leasehold Improvements	2,436	102	106	77	2,355	1,292	305	117	1,480	875
	2,253	280	97	-	2,436	993	389	90	1,292	1,144
Furniture & Fixtures	888	17	24	167	714	421	85	109	397	317
	767	147	26	-	888	256	177	12	421	467
Computer Equipment	4,519	365	28	3	4,853	2,428	1,026	29	3,425	1,428
	3,624	1,003	105	3	4,519	1,446	1,088	106	2,428	2,091
Office Equipment	1,287	47	43	175	1,116	687	238	140	785	331
	1,025	288	26	-	1,287	420	282	15	687	600
Plant & Machinery	233	-	6	28	199	126	34	24	136	63
	240	-	7	-	233	91	40	5	126	107
Vehicles	570	261	272	-	559	255	137	202	190	369
	462	223	113	2	570	213	139	97	255	315
<b>ASSETS GIVEN UNDER OPERATING LEASE/RENTAL</b>										
Construction Equipment	15,684	-	5,587	-	10,097	10,314	1,594	2,753	9,155	942
	15,146	2,356	1,818	-	15,684	5,290	6,318	1,294	10,314	5,370
Vehicles	3,937	1,339	1,271	15	3,990	2,852	396	722	2,526	1,464
	4,256	406	725	-	3,937	1,801	1,447	396	2,852	1,085
Plant & Machinery	76,490	8,462	6,078	-	78,874	29,229	13,770	4,887	38,112	40,762
	65,174	12,839	1,468	55	76,490	16,692	13,907	1,370	29,229	47,261
Computer Equipment	26,508	5,715	3,926	-	28,297	13,191	6,224	3,372	16,043	12,254
	19,827	10,507	3,826	-	26,508	11,041	5,501	3,351	13,191	13,317
Furniture & Fixtures	1,310	-	379	-	931	767	254	308	713	218
	1,166	299	149	6	1,310	572	340	145	767	543
Office Equipments	2,856	-	102	-	2,754	1,322	697	66	1,953	801
	3,532	233	899	10	2,856	1,438	759	875	1,322	1,534
Railway Wagons	15,010	-	-	-	15,010	8,081	2,751	-	10,832	4,178
	15,010	-	-	-	15,010	5,331	2,750	-	8,081	6,929
Electrical Installation & Equipments	2,051	37	11	-	2,077	970	462	6	1,426	651
	1,847	209	3	2	2,051	535	439	4	970	1,081
<b>TANGIBLE ASSETS - TOTAL</b>	<b>1,57,456</b>	<b>16,345</b>	<b>17,833</b>	<b>465</b>	<b>1,55,503</b>	<b>72,535</b>	<b>28,172</b>	<b>12,735</b>	<b>87,972</b>	<b>67,531</b>
	1,38,006	28,790	9,262	78	1,57,456	46,519	33,776	7,760	72,535	84,921

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

(Rs. in lakh)

Particulars	Gross Block				Accumulated depreciation and amortisation				Net Carrying Value	
	Opening balance as at April 1, 2020	Additions/ Adjustments	Deletions	Written off during the year*	Closing balance as at March 31, 2021	Opening balance as at April 1, 2020	Depreciation/ Amortisation for the year	Deletions/ Adjustments	Closing balance as at March 31, 2021	As at March 31, 2021
<b>INTANGIBLE ASSETS</b>										
<b>(other than internally generated)</b>										
Goodwill	-	-	-	-	-	-	-	-	-	-
Software	3,545	587	-	-	4,132	1,509	605	-	2,114	2,018
	<i>3,129</i>	<i>421</i>	<i>5</i>	-	<i>3,545</i>	<i>950</i>	<i>564</i>	<i>5</i>	<i>1,509</i>	<i>2,036</i>
<b>INTANGIBLE ASSETS - TOTAL</b>	<b>3,545</b>	<b>587</b>	<b>-</b>	<b>-</b>	<b>4,132</b>	<b>1,509</b>	<b>605</b>	<b>-</b>	<b>2,114</b>	<b>2,018</b>
	<i>3,129</i>	<i>421</i>	<i>5</i>	-	<i>3,545</i>	<i>950</i>	<i>564</i>	<i>5</i>	<i>1,509</i>	<i>2,036</i>
<b>Total</b>	<b>1,61,001</b>	<b>16,932</b>	<b>17,833</b>	<b>465</b>	<b>1,59,635</b>	<b>74,044</b>	<b>28,777</b>	<b>12,735</b>	<b>90,086</b>	<b>69,549</b>
	<i>1,41,135</i>	<i>29,211</i>	<i>9,267</i>	<i>78</i>	<i>1,61,001</i>	<i>47,469</i>	<i>34,340</i>	<i>7,765</i>	<i>74,044</i>	<i>86,957</i>

Figures in italics relate to March 31, 2020

# Immovable property having net carrying value amounting to Rs. 21 lakh is hypothecated against borrowings, refer notes 14.1 and 35(B)(iii).

\*\* Total depreciation charged for the year in the Statement of Profit and Loss includes depreciation on Right to use assets. Depreciation on right to use assets for the year is Rs. 3,197 lakh (Previous year : Rs. 2,839 lakh)

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

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

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) Capital advances	3,037	15,650
(b) Prepaid expenses	1,089	1,227
(c) Gratuity asset (Net)	436	-
(d) Balances with government authorities	11,211	11,419
(e) Assets held-for-sale	3,056	4,433
Less : Provision for receivable on sale/redemption of investment	3,056	4,433
Net asset held-for-sale	-	-
(f) Other advances	204	329
<b>Total</b>	<b>15,977</b>	<b>28,625</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 12. (i) INCOME TAXES

#### CURRENT TAX ASSET (NET)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
Advance tax and tax deducted at source (net of provision for tax Rs. 70,861 lakh (Previous year: Rs. 135,653))	11,551	12,703
<b>Total</b>	<b>11,551</b>	<b>12,703</b>

#### A The income tax expense consist of the following:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Current tax:</b>		
Current tax expense for the year	20,240	20,082
Current tax benefit pertaining to prior years	-	(398)
	<b>20,240</b>	<b>19,684</b>
<b>Deferred tax (benefit)/charge</b>		
Origination and reversal of temporary differences	(5,434)	(3,939)
Change in tax rates	-	18,144
	<b>(5,434)</b>	<b>14,205</b>
<b>Total income tax expense recognised in the year</b>	<b>14,805</b>	<b>33,889</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, 2021	For the year ended March 31, 2020
Profit before income taxes	82,504	45,250
Indian statutory income tax rate	25.168%	25.168%
Expected income tax expense	20,765	11,388
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:</b>		
Income exempt from tax	-	(148)
Non deductible expenses	377	4,505
Provision for loss disallowed in earlier years, allowed on realization in the current year	(3,604)	-
Income not taxable	(2,945)	-
Tax on income at different rates	-	-
Change in tax rates	-	18,144
Current year capital loss on which no deferred tax is created	212	-
<b>Total income tax expense</b>	<b>14,805</b>	<b>33,889</b>

#### Note:

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

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 12. (i) INCOME TAXES

#### B. Amounts recognised in OCI

(Rs. in lakh)

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of defined benefit liability (asset)	804	(202)	602	(775)	195	(580)
<b>Items that are or may be reclassified subsequently to profit or loss</b>						
Fair value gain on Financial Assets carried at FVTOCI	161	(41)	120	(258)	65	(193)
The effective portion of gains and loss on hedging instruments in a cash flow hedge	(2,047)	515	(1,532)	(784)	197	(587)
<b>Total</b>	<b>(1,082)</b>	<b>272</b>	<b>(810)</b>	<b>(1,817)</b>	<b>457</b>	<b>(1,360)</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 12. (ii) DEFERRED TAX ASSET

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

Particulars	Opening Balance	Recognised / (reversed) through profit and loss	Change in Tax Rate	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
<b>Deferred Tax Assets :-</b>						
(a) Impairment loss allowance - Stage III	19,767	2,837	-	-	-	22,604
(b) Impairment loss allowance - Stage I & II	18,949	2,206	-	-	-	21,155
(d) Employee benefits	376	(27)	-	-	-	349
(e) Deferred income	6,132	(1,305)	-	-	-	4,827
(f) Other deferred tax assets	1,728	(114)	-	-	-	1,614
(g) Depreciation on property, plant, equipment & intangibles	4,656	1,708	-	-	-	6,364
(h) Right to use asset	543	110	-	-	-	653
(i) OCI - cash flow hedge	197	-	-	-	515	712
<b>Deferred Tax Liabilities :-</b>						
(a) Debenture issue expenses	(1,563)	455	-	-	-	(1,108)
(b) Investments measured at fair value	(62)	(434)	-	-	-	(496)
(c) Loans measured at FVTOCI	65	-	-	-	(41)	24
<b>Net Deferred Tax Asset</b>	<b>50,788</b>	<b>5,435</b>	<b>-</b>	<b>-</b>	<b>475</b>	<b>56,698</b>

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

Particulars	Opening Balance	Recognised / (reversed) through profit and loss	Change in Tax Rate	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
<b>Deferred Tax Assets :-</b>						
(a) Impairment loss allowance - Stage III	30,872	(2,469)	(8,636)	-	-	19,767
(b) Impairment loss allowance - Stage I & II	20,406	4,252	(5,709)	-	-	18,949
(d) Employee benefits	444	56	(124)	-	-	376
(e) Deferred income	9,728	(874)	(2,722)	-	-	6,132
(f) Other deferred tax assets	2,744	(248)	(768)	-	-	1,728
(g) Depreciation on property, plant, equipment & intangibles	2,810	2,632	(786)	-	-	4,656
(h) Right to use asset	-	137	-	406	-	543
(i) OCI - cash flow hedge	-	-	-	-	197	197
<b>Deferred Tax Liabilities :-</b>						
(a) Debenture issue expenses	(2,150)	(14)	601	-	-	(1,563)
(b) Investments measured at fair value	(530)	468	-	-	-	(62)
(c) Loans measured at FVTOCI*	0	0	0*	0	65	65
<b>Net Deferred Tax Asset</b>	<b>64,324</b>	<b>3,940</b>	<b>-18,144</b>	<b>406</b>	<b>262</b>	<b>50,788</b>

\* Amount less than Rs. 50,000.

Gross deferred tax assets and liabilities are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Deferred Tax Assets :-</b>		
(a) Impairment loss allowance - Stage III	22,604	19,767
(b) Impairment loss allowance - Stage I & II	21,155	18,949
(d) Employee benefits	349	376
(e) Deferred income	4,827	6,132
(f) Other deferred tax assets	1,614	1,728
(g) Depreciation on property, plant & equipment	6,364	4,656
(h) Right to use asset	653	543
(i) OCI - cash flow hedge	712	197
<b>Deferred Tax Liabilities :-</b>		
(a) Debenture issue expenses	(1,108)	(1,563)
(c) Fair value of investments	(496)	(62)
(d) Loans measured at FVTOCI	24	65
<b>Net Deferred Tax Asset</b>	<b>56,698</b>	<b>50,788</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 13. TRADE PAYABLES

#### (i). Total outstanding dues of creditors other than micro enterprises and small enterprises

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) Others		
(i) Accrued expenses	31,779	25,669
(ii) Payable to related parties	-	-
(iii) Payable to dealers/vendors/customer	31,409	19,768
(iv) Others	419	585
<b>Total</b>	<b>63,607</b>	<b>46,022</b>

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 :

#### (ii). Total outstanding dues of micro enterprises and small enterprises

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year *	81	50
(b) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-
<b>Total</b>	<b>81</b>	<b>50</b>

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



# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 14. DEBT SECURITIES

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>DEBT SECURITIES In India</b>		
<b>At amortised cost</b>		
<b>Secured</b>		
Privately Placed Non-Convertible Debentures (Refer note 14.1 below) [Net of unamortised discount of Rs. 5 lakh (March 31, 2020 : 17 lakh) and premium of Rs. 1,637 lakh (March 31, 2020 : Rs. 1,391 lakh)]	11,22,071	9,66,836
Public issue of Non-Convertible Debentures (Refer notes 14.2 below)	5,18,915	5,17,084
<b>Unsecured</b>		
(i) Privately Placed Non-Convertible Debentures	55,484	33,678
(ii) Commercial paper (Refer note 14.3 below) [Net of unamortised discount of Rs. 5,913 lakh (March 31, 2020 : Rs. 8,237 lakh)]	3,08,583	3,81,252
<b>DEBT SECURITIES Outside India</b>	-	-
<b>Total</b>	<b>20,05,053</b>	<b>18,98,850</b>

#### Notes

- 14.1.** Privately Placed Non-Convertible Debentures are secured by pari passu charge on the specific immovable property, specified receivables arising out of loan, lease, hire purchase transactions and to the extent of shortfall in asset cover by a pari passu charge on the current assets of the Company.
- 14.2.** Public issue of Non-Convertible Debentures are secured by a pari passu charge on the specific immovable property, receivables against unsecured loans, bills discounted and trade advances and other current assets of the Company.
- 14.3.** Discount on commercial paper varies between 3.55 % to 5.90% (March 31, 2020 : 5.64 % to 8.02%) and are repayable at maturity ranging between 3 and 12 months from the date of respective commercial paper.
- 14.4.** Of the above Public issue of Non-Convertible Debentures amounting to face value of Rs 500 lakh (March 31, 2020 : Rs 600 lakh) are held by related parties.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 14.5. Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2021

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2021*		As at March 31, 2020*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL NCD 'L' FY 2019-20	06-Mar-20	06-Mar-30	10,000	1,00,000	10,000	1,00,000
TCFSL NCD 'H' FY 2019-20	06-Nov-19	06-Nov-29	1,000	10,000	1,000	10,000
TCFSL NCD "F" FY 2019-20 Option - I	20-Jun-19	20-Jun-29	2,730	27,300	2,730	27,300
TCFSL NCD 'F' FY 2019-20 Op-I Reissuance 1	19-Jul-19	20-Jun-29	1,000	10,000	1,000	10,000
TCFSL NCD "H" FY 2018-19 - Option II	19-Dec-18	19-Dec-28	1,120	11,200	1,120	11,200
TCFSL NCD "H" FY 2018-19 - Option II - 1 Reissuance on Premium	03-Jan-19	19-Dec-28	230	2,300	230	2,300
TCFSL NCD "B" FY 2020-21 - Option II	29-Apr-20	29-Apr-25	400	4,000	-	-
TCFSL NCD "E" FY 2019-20 Option - I	04-Jun-19	15-Jan-25	300	3,000	300	3,000
TCFSL NCD "E" FY 2019-20 Option - I Reissuance 1	26-Feb-20	15-Jan-25	350	3,500	350	3,500
TCFSL NCD AF FY 2014-15-Option-I	08-Dec-14	08-Dec-24	600	6,000	600	6,000
TCFSL NCD AF FY 2014-15-Option-I	08-Dec-14	08-Dec-24	150	1,500	150	1,500
TCFSL NCD AA FY 2014-15	20-Nov-14	20-Nov-24	950	9,500	950	9,500
TCFSL NCD "F" FY 2019-20 Option - II	20-Jun-19	20-Jun-24	885	8,850	885	8,850
TCFSL NCD 'F' FY 2019-20 Op-II Reissuance 1	10-Jul-19	20-Jun-24	1,000	10,000	1,000	10,000
TCFSL NCD "D" FY 2019-20	27-May-19	27-May-24	2,180	21,800	2,180	21,800
TCFSL NCD 'K' FY 2020-21	30-Mar-21	29-Mar-24	4,250	42,500	-	-
TCFSL NCD "H" FY 2018-19 - Option I	19-Dec-18	19-Dec-23	1,940	19,400	1,940	19,400
TCFSL NCD "H" FY 2018-19 - Option I - 1 Reissuance on Premium	03-Jan-19	19-Dec-23	975	9,750	975	9,750
TCFSL NCD "H" FY 2018-19 - Option I - 2 Reissuance on Premium	15-Feb-19	19-Dec-23	300	3,000	300	3,000
TCFSL NCD "H" FY 2018-19 - Option II - 2 Reissuance on Premium	15-Feb-19	19-Dec-23	550	5,500	550	5,500
TCFSL NCD 'T' FY 2020-21	31-Dec-20	30-Nov-23	10,000	1,00,000	-	-
TCFSL NCD 'G' FY 2020-21	28-Jul-20	28-Jul-23	1,250	12,500	-	-
TCFSL NCD 'F' FY 2020-21	14-Jul-20	14-Jul-23	500	5,000	-	-
TCFSL NCD 'F' FY 2020-21 Discount Reissuance 1	20-Jul-20	14-Jul-23	3,500	35,000	-	-
TCFSL NCD 'A' FY 2020-21	21-Apr-20	19-May-23	9,250	92,500	-	-
TCFSL NCD "B" FY 2020-21 - Option I	29-Apr-20	28-Apr-23	750	7,500	-	-
TCFSL NCD 'J' FY 2020-21	17-Mar-21	17-Mar-23	3,000	30,000	-	-
TCFSL NCD "P" FY 2017-18	22-Jan-18	20-Jan-23	480	4,800	480	4,800
TCFSL NCD "P" FY 2017-18 Reissuance no 1	12-Feb-20	20-Jan-23	1,250	12,500	1,250	12,500
TCFSL Market Link NCD Tranche "B" FY 2018-19	20-Mar-19	05-Dec-22	2,500	25,000	2,500	25,000
TCFSL Market Linked Tranchee 'B' 2018-19 Reissuance 1	20-Sep-19	05-Dec-22	50	500	50	500
TCFSL NCD 'H' FY 2020-21	01-Dec-20	01-Dec-22	4,000	40,000	-	-
TCFSL NCD 'D' FY 2020-21	17-Jun-20	23-Sep-22	1,500	15,000	-	-
TCFSL NCD 'D' FY 2020-21 Premium Reissuance 1	27-Aug-20	23-Sep-22	4,000	40,000	-	-
TCFSL NCD "AH" FY 2012-13	05-Sep-12	05-Sep-22	500	5,000	500	5,000
TCFSL NCD "B" FY 2019-20	14-May-19	06-Jul-22	210	2,100	210	2,100
TCFSL NCD "B" FY 2019-20 Reissuance 1 on Par Premium	23-Feb-21	06-Jul-22	2,000	24,174	-	-
TCFSL NCD "T" FY 2018-19	03-Jan-19	10-Jun-22	400	4,000	400	4,000
TCFSL NCD 'T' FY 2018-19 Reissuance no 1	27-Sep-19	10-Jun-22	100	1,000	100	1,000
TCFSL NCD 'T' FY 2019-20	10-Dec-19	10-Jun-22	250	2,500	250	2,500
TCFSL NCD 'J' FY 2019-20	30-Jan-20	29-Apr-22	2,000	20,000	2,000	20,000
TCFSL NCD "A" FY 2019-20	25-Apr-19	25-Apr-22	500	5,000	500	5,000
TCFSL Market Linked 'A' 2018-19 Tranche-III	27-Feb-19	14-Apr-22	137	1,370	137	1,370
TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 1	12-Mar-19	14-Apr-22	159	1,590	159	1,590
TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 2	26-Apr-19	14-Apr-22	100	1,000	100	1,000
TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 3	07-Jun-19	14-Apr-22	175	1,750	175	1,750
TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 4	05-Feb-20	14-Apr-22	200	2,000	200	2,000
TCFSL Market Linked NCD "A" Series 2018-19 Tranche III Reissuance	19-Aug-20	14-Apr-22	330	3,300	-	-
TCFSL NCD "D" FY 2018-19	22-Oct-18	08-Apr-22	1,120	11,200	1,120	11,200
TCFSL NCD "D" FY 2018-19 Further issue Annual Compounding Prem.	23-Jan-19	08-Apr-22	485	4,850	485	4,850
TCFSL NCD "AL" FY 2016-17	31-Mar-17	31-Mar-22	400	4,000	400	4,000
TCFSL NCD "N" FY 2018-19 - Option II	27-Mar-19	25-Mar-22	2,825	28,250	2,825	28,250
TCFSL NCD "I" FY 2017-18	20-Jul-17	28-Feb-22	750	7,500	750	7,500
TCFSL NCD "M" FY 2018-19	21-Feb-19	21-Feb-22	500	5,000	500	5,000
TCFSL NCD "K" FY 2017-18	16-Aug-17	14-Jan-22	750	7,500	750	7,500

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 14.6. Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2021 (Continued)

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2021*		As at March 31, 2020*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL NCD "AG" FY 2016-17	28-Dec-16	28-Dec-21	2,720	27,200	2,720	27,200
TCFSL NCD "E" FY 2020-21	25-Jun-20	28-Dec-21	1,850	18,500	-	-
TCFSL NCD "E" FY 2018-19	26-Oct-18	26-Oct-21	3,262	32,620	3,262	32,620
TCFSL NCD "G" FY 2019-20	27-Sep-19	13-Sep-21	500	5,000	500	5,000
TCFSL NCD "C" FY 2020-21	28-May-20	27-Aug-21	3,750	37,500	-	-
TCFSL NCD "C" FY 2020-21 Reissuance 1 on Par Premium	17-Jun-20	27-Aug-21	2,250	22,655	-	-
TCFSL Market Link NCD "A" FY 2019-20	02-Aug-19	02-Aug-21	344	3,440	344	3,440
TCFSL NCD "E" FY 2019-20 Option - II	04-Jun-19	04-Jun-21	1,080	10,800	1,080	10,800
TCFSL NCD "G" FY 2016-17	30-May-16	28-May-21	500	5,000	500	5,000
TCFSL Market Linked 'A' 2018-19 Tranche-II	27-Feb-19	14-Apr-21	1,175	11,750	1,175	11,750
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 1	12-Mar-19	14-Apr-21	385	3,850	385	3,850
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 2	29-Mar-19	14-Apr-21	260	2,600	260	2,600
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 3	26-Apr-19	14-Apr-21	60	600	60	600
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 4	07-Jun-19	14-Apr-21	425	4,250	425	4,250
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 5	28-Jun-19	14-Apr-21	100	1,000	100	1,000
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 6	13-Sep-19	14-Apr-21	465	4,650	465	4,650
TCFSL NCD "N" FY 2018-19 - Option I	27-Mar-19	26-Mar-21	-	-	5,250	52,500
TCFSL NCD "N" FY 2018-19 - Option I Reissuance 1 on Premium	04-Jun-19	26-Mar-21	-	-	1,500	15,000
TCFSL NCD "AB" FY 2015-16	21-Mar-16	19-Mar-21	-	-	100	1,000
TCFSL NCD "K" FY 2019-20	18-Feb-20	17-Mar-21	-	-	1,000	10,000
TCFSL NCD "AA" FY 2015-16	16-Mar-16	16-Mar-21	-	-	70	700
TCFSL NCD "O" FY 2017-18	12-Jan-18	22-Jan-21	-	-	750	7,500
TCFSL NCD "J" FY 2018-19	10-Jan-19	11-Jan-21	-	-	250	2,500
TCFSL NCD "X" FY 2015-16	16-Dec-15	16-Dec-20	-	-	100	1,000
TCFSL NCD "C" FY 2019-20	21-May-19	25-Aug-20	-	-	500	5,000
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I	27-Feb-19	14-Aug-20	-	-	1,448	14,480
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 1	12-Mar-19	14-Aug-20	-	-	102	1,020
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 2	28-Mar-19	14-Aug-20	-	-	340	3,400
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 3	04-Apr-19	14-Aug-20	-	-	100	1,000
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 4	30-Apr-19	14-Aug-20	-	-	491	4,910
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 5	15-May-19	14-Aug-20	-	-	250	2,500
TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I Reissuance 6	28-May-19	14-Aug-20	-	-	525	5,250
TCFSL NCD "E" FY 2017-18	06-Jul-17	06-Aug-20	-	-	500	5,000
TCFSL NCD "K" FY 2018-19 - Option I	16-Jan-19	15-Jul-20	-	-	3,760	37,600
TCFSL NCD "G" FY 2017-18	12-Jul-17	10-Jul-20	-	-	250	2,500
TCFSL NCD "G" FY 2017-18 Reissuance on Discount	10-Apr-19	10-Jul-20	-	-	1,000	10,000
TCFSL NCD "U" FY 2016-17	26-Aug-16	01-Jul-20	-	-	150	1,500
TCFSL NCD "L" FY 2018-19	29-Jan-19	29-Jun-20	-	-	3,500	35,000
TCFSL NCD "G" FY 2018-19	30-Nov-18	26-Jun-20	-	-	1,300	13,000
TCFSL NCD "G" FY 2018-19 Further issue - I on Par Premium	10-Jan-19	26-Jun-20	-	-	300	3,047
TCFSL NCD "G" FY 2018-19 Further issue - II on Par Premium	23-Jan-19	26-Jun-20	-	-	1,490	15,185
TCFSL NCD "D" FY 2017-18	09-Jun-17	09-Jun-20	-	-	10,150	1,01,500
TCFSL NCD "E" FY 2015-16	05-May-15	05-May-20	-	-	3,300	33,000
<b>Total (A)</b>				<b>10,63,899</b>		<b>9,18,862</b>
Add : Interest accrued on borrowing				56,950		47,085
Add : Unamortised premium				1,637		1,392
<b>Total (B)</b>				<b>58,587</b>		<b>48,477</b>
Less : Unamortised borrowing cost				(410)		(486)
Less : Unamortised discount				(5)		(17)
<b>Total (C)</b>				<b>(415)</b>		<b>(503)</b>
<b>TOTAL (A+B+C)</b>				<b>11,22,071</b>		<b>9,66,836</b>

\*Coupon rate of "NCDs" outstanding as on March 31, 2021 varies from 5.00% to 9.85% ( March 31, 2020 : 6.60% to 9.85%)

Note: Information about the company's exposure to interest rate risk, and liquidity risk is included in note 31B and 31C

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 14.7. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2021

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
SERIES III TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-27	92,48,14,000	9,248
SERIES III TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-27	6,00,39,35,000	60,039
SERIES II TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-24	97,71,40,000	9,771
SERIES II TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-24	3,40,91,75,000	34,092
TCFSL NCD Series II (2019)	27-Sep-18	27-Sep-23	7,68,789	7,688
TCFSL NCD Series II (2019)	27-Sep-18	27-Sep-23	1,45,70,710	1,45,707
SERIES I TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-22	96,61,34,000	9,661
SERIES I TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-22	7,52,25,82,000	75,226
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	5,02,863	5,029
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	1,41,77,673	1,41,777
				<b>4,98,238</b>
Add: Interest accrued on borrowing				23,607
Less: Unamortised borrowing cost				(2,930)
<b>Total</b>				<b>5,18,915</b>

Note : Coupon rate of above outstanding as on March 31, 2021 varies from 8.35% to 8.90%

### 14.8. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2020

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
SERIES III TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-27	92,48,14,000	9,248
SERIES III TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-27	6,00,39,35,000	60,039
SERIES II TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-24	97,71,40,000	9,771
SERIES II TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-24	3,40,91,75,000	34,092
TCFSL NCD Series II (2019)	27-Sep-18	27-Sep-23	7,68,789	7,688
TCFSL NCD Series II (2019)	27-Sep-18	27-Sep-23	1,45,70,710	1,45,707
SERIES I TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-22	96,61,34,000	9,661
SERIES I TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-22	7,52,25,82,000	75,226
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	5,02,863	5,029
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	1,41,77,673	1,41,777
				<b>4,98,238</b>
Add: Interest accrued on borrowing				23,661
Less: Unamortised borrowing cost				(4,815)
<b>Total</b>				<b>5,17,084</b>

Note : Coupon rate of above outstanding as on March 31, 2020 varies from 8.35% to 8.90%

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 14.9. Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2021

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
TCFSL Unsecured NCD Partly paid "A" FY 2019-20	23-Mar-20	23-Mar-35	1,000	20,000
TCFSL Unsecured NCD Partly paid "A" FY 2018-19	19-Mar-19	17-Mar-34	2,360	35,400
<b>TOTAL</b>				<b>55,400</b>
Add: Interest accrued on borrowing				151
Less: Unamortised borrowing cost				(67)
<b>Total</b>				<b>55,484</b>

Note : Coupon rate of above outstanding as on March 31, 2021 varies from 7.85% to 8.93%

### 14.10 Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2020

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
TCFSL Unsecured NCD Partly paid "A" FY 2019-20	23-Mar-20	23-Mar-35	1,000	10,000
TCFSL Unsecured NCD Partly paid "A" FY 2018-19	19-Mar-19	17-Mar-34	2,360	23,600
<b>TOTAL</b>				<b>33,600</b>
Add: Interest accrued on borrowing				94
Less: Unamortised borrowing cost				(16)
<b>Total</b>				<b>33,678</b>

Note : Coupon rate of above outstanding as on March 31, 2020 varies from 7.85% to 8.93%

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 15. BORROWINGS (OTHER THAN DEBT SECURITIES)

PARTICULARS	As at March 31, 2021	As at March 31, 2020
<b>At amortised cost</b>		
<b>(a) Term loans</b>		
<b>Secured - In India</b>		
From Banks (Refer note 15.1 below)	7,68,886	9,12,459
From Others (Refer note 15.1 below)	32,645	50,000
<b>Secured - Outside India</b>		
From Banks	2,10,536	1,79,171
<b>Unsecured - In India</b>		
From Banks	-	61,667
<b>(b) Loans repayable on demand</b>		
<b>Secured</b>		
<b>From Banks</b>		
(i) Working capital demand loan (Refer note 15.1 below)	3,15,754	4,09,000
(ii) Bank Overdraft (Refer note 15.1 below)	30,209	23,032
<b>Unsecured</b>		
<b>From Banks</b>		
(i) Working capital demand loan (Refer note 15.2 below)	20,000	2,200
<b>(c) Loan from related parties (unsecured)</b>		
- Inter corporate deposits from related parties (Refer notes 15.2 below) ( payable on demand)	1,15,502	58,627
<b>Total</b>	<b>14,93,532</b>	<b>16,96,156</b>

#### Note:

**15.1.** Loans and advances from banks and others 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:**

As per terms of agreements loan from banks aggregating Rs. 978,576 lakh (Previous Year: Rs. 1,154,508 lakh) are repayable at maturity ranging between 15 and 55 months from the date of respective loan. Rate of interest payable on term loans varies between 5.25 % to 7.75% (March 31, 2020 : 7.15 % to 9.25%).

As per terms of agreements loan from Others aggregating Rs. 32,500 lakh (Previous Year: Rs. 50,000 lakh) are repayable at maturity ranging between 12 and 29 months from the date of respective loan. Rate of interest payable on term loans varies between 6.20 % to 7.50%. (March 31, 2020 : 8.60 % to 8.60%).

Rate of interest payable on WCDL varies between 4.20 % to 7.85% (March 31, 2020 : 7.25 % to 8.85%) and Bank Overdraft varies between 7.45% to 8.55% (March 31, 2020 : 7.75% to 10.35%).

Rate of interest payable on Inter-corporate deposits varies between 8.42 % to 8.42% March 31, 2020 : 8.39 % to 8.39%).

**15.3.** 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, 2021 and March 31, 2020.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 16. SUBORDINATED LIABILITIES

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
<b>At amortised cost</b>		
<b>Unsecured</b>		
<b>Debentures</b>		
Non-Convertible Subordinated Debentures [Net of unamortised discount of Rs. 137 lakh (March 31, 2020 : Rs. 10 lakh) and premium of Rs. 132 lakh (March 31, 2020 : Rs. 110 lakh)]	2,43,474	2,12,828
Non-Convertible Perpetual Debentures	1,12,058	94,102
<b>Total</b>	<b>3,55,532</b>	<b>3,06,930</b>

**Note:**

1. Of the above Non-convertible perpetual debentures and Non-convertible subordinated amounting to face value of Rs. 22,880 lakh (Previous year : 12,500 lakh) are subscribed by related parties.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 16.1. Particulars of Subordinated unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2021

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2021*		As at March 31, 2020*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL Tier-II Bond "A" FY 2020-21	17-Sep-20	17-Sep-30	750	7,500	-	-
TCFSL Tier-II Bond "A" FY 2020-21 Premium Reissuance 1	13-Oct-20	17-Sep-30	1,250	12,500	-	-
TCFSL Tier-II Bond "A" FY 2020-21 Discount Reissuance 2	23-Mar-21	17-Sep-30	1,000	10,000	-	-
TCFSL Tier-II Bond "B" FY 2019-20	13-Nov-19	13-Nov-29	1,000	10,000	1,000	10,000
TCFSL Tier-II Bond "B" FY 2019-20 Premium Reissuance 1	03-Jan-20	13-Nov-29	700	7,000	700	7,000
SERIES IV TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-29	46,500	465	46,500	465
SERIES IV TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-29	17,26,973	17,270	17,26,973	17,270
TCFSL Tier-II Bond "A" FY 2019-20	16-Apr-19	16-Apr-29	200	2,000	200	2,000
TCFSL Tier II NCD "A" FY 2019-20 Discount Reissuance 1	13-Jun-19	16-Apr-29	650	6,500	650	6,500
TCFSL Tier II NCD "A" FY 2019-20 Premium Reissuance 2	26-Jun-19	16-Apr-29	1,000	10,000	1,000	10,000
TCFSL Tier II NCD "A" FY 2019-20 Premium Reissuance 3	29-Jul-19	16-Apr-29	295	2,950	295	2,950
TCFSL Tier-II Bond "A" FY 2018-19	28-Dec-18	28-Dec-28	2,000	20,000	2,000	20,000
TCFSL NCD Series III (2018)	27-Sep-18	27-Sep-28	2,95,490	2,955	2,95,490	2,955
TCFSL NCD Series III (2018)	27-Sep-18	27-Sep-28	34,18,488	34,185	34,18,488	34,185
TCFSL Tier-II Bond "B" FY 2016-17	26-Oct-16	26-Oct-26	150	1,500	150	1,500
TCFSL Tier-II Bond "A" FY 2016-17	11-Aug-16	11-Aug-26	2,000	20,000	2,000	20,000
TCFSL Tier II Bond 'B' FY 2015-16	30-Mar-16	30-Mar-26	2,000	20,000	2,000	20,000
TCFSL Tier II Bond 'A' FY 2015-16	22-Jul-15	22-Jul-25	900	9,000	900	9,000
TCFSL Tier II Bond 'D' FY 2014-15	31-Mar-15	31-Mar-25	2,000	20,000	2,000	20,000
TCFSL Tier II Bond 'C' FY 2014-15	30-Jan-15	30-Jan-25	750	7,500	750	7,500
TCFSL Tier II Bond 'B' FY 2014-15	07-Jan-15	07-Jan-25	350	3,500	350	3,500
TCFSL Tier II Bond 'A' FY 2014-15	26-Sep-14	25-Sep-24	1,000	10,000	1,000	10,000
<b>Total (A)</b>				<b>2,34,825</b>		<b>2,04,825</b>
Add: Interest accrued on borrowing				9,251		8,440
Add : Unamortised premium				132		110
<b>Total (B)</b>				<b>9,383</b>		<b>8,550</b>
Less: Unamortised borrowing cost				(597)		(537)
Less : Unamortised discount				(137)		(10)
<b>Total (C)</b>				<b>(734)</b>		<b>(547)</b>
<b>TOTAL (A+B+C)</b>				<b>2,43,474</b>		<b>2,12,828</b>

\*Note : Coupon rate of above outstanding as on March 31, 2021 varies from 7.60% to 10.15% (March 31, 2020: 8.45% to 10.15%)



# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 16.2. Particulars of Perpetual unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2021

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2021*		As at March 31, 2020*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL Perpetual 'B' FY 2020-21	19-Oct-20	19-Oct-30	750	7,500	-	-
TCFSL Perpetual 'A' FY 2020-21	30-Sep-20	30-Sep-30	1,000	10,000	-	-
TCFSL Perpetual 'D' FY 2017-18	26-Mar-18	26-Mar-28	1,000	10,000	1,000	10,000
TCFSL Perpetual 'D' FY 2017-18	26-Mar-18	26-Mar-28	250	2,500	250	2,500
TCFSL Perpetual 'C' FY 2017-18	11-Sep-17	11-Sep-27	930	9,300	930	9,300
TCFSL Perpetual 'B' FY 2017-18	14-Jul-17	14-Jul-27	500	5,000	500	5,000
TCFSL Perpetual 'A' FY 2017-18	21-Jun-17	21-Jun-27	500	5,000	500	5,000
TCFSL Perpetual 'C' FY 2016-17	08-Mar-17	08-Mar-27	400	4,000	400	4,000
TCFSL Perpetual 'B' FY 2016-17	13-Jan-17	13-Jan-27	100	1,000	100	1,000
TCFSL Perpetual 'A' FY 2016-17	30-Jun-16	30-Jun-26	500	5,000	500	5,000
TCFSL Perpetual 'E' FY 2015-16	23-Mar-16	23-Mar-26	1,000	10,000	1,000	10,000
TCFSL Perpetual 'D' FY 2015-16	09-Feb-16	09-Feb-26	1,000	10,000	1,000	10,000
TCFSL Perpetual 'C' FY 2015-16	02-Feb-16	02-Feb-26	500	5,000	500	5,000
TCFSL Perpetual 'B' FY 2015-16	06-Jan-16	06-Jan-26	500	5,000	500	5,000
TCFSL Perpetual 'A' FY 2015-16	16-Jul-15	16-Jul-25	1,000	10,000	1,000	10,000
TCFSL Perpetual 'A' FY 2013-14	27-Mar-14	27-Mar-24	1,871	9,355	1,871	9,355
TCL Perpetual 'D' FY 2011-12	07-Nov-11	07-Nov-21	5	25	5	25
TCL Perpetual 'C' FY 2011-12	28-Sep-11	28-Sep-21	10	50	10	50
TCL Perpetual 'B' FY 2011-12	08-Aug-11	08-Aug-21	61	305	61	305
TCL Perpetual 'A' FY 2011-12	05-May-11	05-May-21	20	100	20	100
TCL Perpetual B FY 2010-11	14-Jan-11	14-Jan-21	-	-	18	90
TCL Perpetual A FY 2010-11	15-Nov-10	15-Nov-20	-	-	15	75
<b>Total (A)</b>				<b>1,09,135</b>		<b>91,800</b>
Add: Interest accrued on borrowing				<b>3,322</b>		2,659
Less: Unamortised borrowing cost				<b>(399)</b>		(357)
				<b>1,12,058</b>		<b>94,102</b>

\*Note : Coupon rate of above outstanding as on March 31, 2021 varies from 8.10% to 11.25% (March 31, 2020: 8.61% to 11.25%)

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
Funds Raised through Perpetual Debt Instruments	17,500	-
Amount outstanding at the end of year	1,09,135	91,800
Percentage of amount of Perpetual Debt Instruments of the amount of Tier I Capital	15.87%	14.65%
Financial year in which interest on Perpetual Debt Instruments is not paid on account of 'Lock-In Clause'.	NA	NA

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 17. OTHER FINANCIAL LIABILITIES

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
(a) Security deposit	44,084	43,711
(b) Payable for capital expenditure	2,173	2,905
(c) Advances from customers	2,463	1,304
(d) Accrued employee benefit expense	6,872	4,467
(e) Unclaimed matured debentures and accrued interest thereon	69	34
(f) Payable under letter of credit/buyer's credit facility	37,255	29,369
(g) Amounts payable - assigned loans	731	1,134
(h) Other Payables	-	262
<b>Total</b>	<b>93,647</b>	<b>83,186</b>

### 18. CURRENT TAX LIABILITIES (NET)

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
Provision for tax (net of advance tax Rs. 87,471 Lakh (Previous year : Rs. 12,143 Lakh)	20,316	7,744
<b>Total</b>	<b>20,316</b>	<b>7,744</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 19. PROVISIONS

<b>PARTICULARS</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
(a) Provision for gratuity	-	329
(b) Provision for compensated absences	<b>1,386</b>	1,492
(c) Provision for long-term service award	<b>109</b>	94
(d) Provision for off Balance Sheet exposure	<b>1,048</b>	1,591
<b>Total</b>	<b>2,543</b>	<b>3,506</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 20. OTHER NON-FINANCIAL LIABILITIES

<b>PARTICULARS</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
(a) Statutory dues	5,199	3,898
(b) Revenue received in advance	980	897
(c) Others	779	853
<b>Total</b>	<b>6,958</b>	<b>5,648</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 21. SHARE CAPITAL

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
<b>AUTHORISED</b>		
2,500,000,000 (March 31, 2020: 2,500,000,000 shares) Equity shares of Rs.10 each	2,50,000	2,50,000
3,000,000,000 (March 31, 2020: 3,000,000,000 shares) Preference shares of Rs.10 each	3,00,000	3,00,000
	5,50,000	5,50,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
1,629,931,981 (March 31, 2020: 1,629,931,981 shares ) Equity shares of Rs.10 each fully paid up	1,62,993	1,62,993
<b>Total</b>	<b>1,62,993</b>	<b>1,62,993</b>

#### 21. (a). Reconciliation of number of equity shares outstanding

Particulars	No. of shares	Rs. in lakh
<b>Equity Shares</b>		
Opening balance as on April 01, 2019	1,37,55,61,658	1,37,556
Conversion of Compulsorily Convertible Cumulative Preference share	22,46,40,272	22,464
Additions during the year	2,97,30,051	2,973
Closing Balance as on March 31, 2020	1,62,99,31,981	1,62,993
Additions during the year	-	-
<b>Closing Balance as on March 31, 2021</b>	<b>1,62,99,31,981</b>	<b>1,62,993</b>

#### 21. (b). Rights, preferences and restrictions attached to shares

Equity Shares : The Company has one class of equity shares having a face value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of 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. Tata Sons Limited is the ultimate holding company.

#### 21. (c). 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, 2019	1,37,55,61,658	1,37,556
	Add: Conversion of Compulsorily Convertible Cumulative Preference share	22,46,40,272	22,464
	Add: Additions during the year	2,97,30,051	2,973
	Closing Balance as on March 31, 2020	1,62,99,31,981	1,62,993
	Add: Additions during the year	-	-
	<b>Closing Balance as on March 31, 2021</b>	<b>1,62,99,31,981</b>	<b>1,62,993</b>

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

21. (e). There are no shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2021

(Rs. in lakh)

### 22. OTHER EQUITY

PARTICULARS	As at March 31, 2021	As at March 31, 2020
(a) Securities Premium Account	3,34,897	3,34,897
(b) Debenture Redemption Reserve	30,000	30,000
(c) Special Reserve Account	64,613	51,073
(d) Surplus in Statement of Profit and Loss	81,637	42,473
(e) Other Comprehensive Income		
(i) Fair value gain on Financial Assets carried at FVTOCI	145	25
(ii) The effective portion of gains and loss on hedging instruments in a cost of hedge	(2,118)	(587)
(iii) Remeasurement of defined employee benefit plans	(287)	(889)
(f) Share options outstanding account	470	495
(g) General Reserve	1,184	856
<b>Total</b>	<b>5,10,541</b>	<b>4,58,343</b>

During the year ended March 31, 2021, the Company has declared and paid, an interim dividend for financial year 2020-21 on Equity Shares aggregating to Rs. 14,995 lakh (Previous year Rs. 4,890 lakh) and dividend distribution tax thereon of Rs. Nil (Previous year: Rs. 1,005 lakh).

#### Nature and Purpose of Reserves

As part of the qualitative disclosure, Company is required to present disclosures as required by Para 79 of Ind AS 1- i.e. Nature and purpose of each reserve.

Sr. No.	Particulars	Nature and purpose of Reserves
1	Securities Premium Account	Premium received upon issuance of equity shares
2	Debenture Redemption Reserve	As per section 71(4) of the Companies Act 2013, created out of the profits of the Company available for payment of dividend and credited to such account, shall not be utilised except for redemption of debentures
3	Special Reserve Account/Statutory Reserve	As prescribed by section 45-IC of the Reserve Bank of India Act, 1934. No appropriation of any sum from the reserve fund shall be made by the Company except for the purpose as may be specified by RBI from time to time.
4	Surplus in profit and loss account	Created out of accretion of profits.
5	General Reserve	Created upon employees stock options that expired unexercised or upon forfeiture of options granted.
6	Share Options Outstanding Account	Created upon grant of Holding Company options to employees.
7	Other Comprehensive Income	Created on account of items measured through other comprehensive income

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 23. INTEREST INCOME

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>On Financial Assets measured at Amortised Cost</b>		
(a) Interest on loans and credit substitutes	5,22,652	5,45,340
(b) Interest income from investments	1,139	-
(C) Interest income on deposits with banks	1,401	365
<b>On Financial Assets measured at fair value through OCI</b>		
- Interest on loans and credit substitutes	256	1,370
<b>On Financial Assets measured at fair value through profit and loss</b>		
- Interest on loans and credit substitutes *	110	-
<b>Total</b>	<b>5,25,558</b>	<b>5,47,075</b>

\* Amount less than Rs. 50,000.

### 24. DIVIDEND INCOME

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Dividend income	1	590
<b>Total</b>	<b>1</b>	<b>590</b>

### 25. RENTAL INCOME

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Rental Income	37,036	38,606
Branch co-sharing income	1,047	1,273
<b>Total</b>	<b>38,083</b>	<b>39,879</b>

### 26. FEES AND COMMISSION INCOME

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>On Financial Assets measured at Amortised Cost</b>		
(a) Foreclosure charges	5,230	6,006
(b) Fees on value added services and products	640	1,003
(c) Advisory Fees	734	1,394
(d) Others (valuation charges, PDD charges etc)	2,528	2,353
<b>Total</b>	<b>9,132</b>	<b>10,756</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 27. NET GAIN / (LOSS) ON FAIR VALUE CHANGES

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Net Gain / (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio	-	-
- Investments	-	-
- Derivatives	-	-
- Others	-	-
(ii) Others		
- On equity securities	13,718	(15,208)
- On other financial securities	4,906	5,815
- On derivative contracts	-	-
(iii) Total Net gain/(loss) on fair value changes	<b>18,624</b>	<b>(9,393)</b>
(B) Fair value changes :		
-Realised	11,030	5,369
-Unrealised	7,594	(14,762)
Total Net gain/(loss) on fair value changes	<b>18,624</b>	<b>(9,393)</b>

### 28. OTHER INCOME

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Branch advertisement income	40	1,020
(b) Income from distribution of financial products	4,712	5,491
(c) Net (loss) / gain on derecognition of property, plant and equipment	(46)	671
(d) Interest on income tax refund	2,410	-
(e) Miscellaneous income	118	713
<b>Total</b>	<b>7,234</b>	<b>7,895</b>



# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 29. FINANCE COSTS

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>At amortised cost</b>		
(a) Interest on borrowings	1,12,242	1,22,282
(b) Interest on debt securities	1,26,362	1,30,908
(c) Interest on subordinated liabilities	28,886	30,707
(d) Interest on lease liabilities	806	906
(e) Other interest expense	484	802
(f) Dividend on compulsorily convertible cumulative preference shares (including dividend distribution tax thereon)	-	3,255
(g) Discounting Charges		
(i) On commercial paper	21,105	36,456
(ii) On debentures	-	357
<b>Total</b>	<b>2,89,885</b>	<b>3,25,673</b>

### 30. EMPLOYEE BENEFIT EXPENSES

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Salaries, wages and bonus	40,980	41,217
(b) Contribution to provident and other fund	1,646	1,766
(c) Staff welfare expenses	218	1,167
(d) Expenses related to post-employment defined benefit plans	664	491
(e) Share based payments to employees	303	386
<b>Total</b>	<b>43,811</b>	<b>45,027</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 31. Impairment of financial instruments

PARTICULARS	For the year ended March 31, 2021		For the year ended March 31, 2020	
<b>(I) Loans and credit substitutes</b>				
(a) Impairment loss allowance on loans (Stage III) - at amortised cost	<b>92,818</b>		69,745	
Less : Delinquency Support	<b>(301)</b>	<b>92,517</b>	(50)	69,695
(b) Write off - Loans and credit substitutes - at amortised cost	<b>81,455</b>		79,333	
Less : Provision reversal on write off	<b>(81,455)</b>	-	(79,333)	-
(c) Impairment loss allowance on loans (Stage I & II)				
- at amortised cost	<b>8,766</b>		16,875	
- at FVTOCI	<b>(1)</b>	<b>8,765</b>	20	16,895
		<b>1,01,282</b>		86,590
<b>(II) Trade receivables - at amortised cost</b>		12		(239)
<b>Total</b>		<b>1,01,294</b>		<b>86,351</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 32. OTHER OPERATING EXPENSES

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Advertisements and publicity	3,235	2,985
(b) Brand Equity and Business Promotion	1,666	1,600
(c) Corporate social responsibility cost	1,001	945
(d) Equipment hire charges	84	171
(e) Information technology expenses	11,050	10,933
(f) Insurance charges	1,312	1,085
(g) Incentive / commission/ brokerage	352	375
(h) Legal and professional fees	3,325	3,714
(i) Loan processing fees	1,087	2,200
(j) Printing and stationery	217	712
(k) Reversal of provision against assets held for sale	(466)	(746)
(l) Power and fuel	624	835
(m) Repairs and maintenance	287	297
(n) Rent	248	666
(o) Rates and taxes	89	134
(p) Service providers' charges	23,037	26,141
(q) Training and recruitment	263	522
(r) Communication cost	355	438
(s) Travelling and conveyance	1,377	2,823
(t) Directors fees,allowances and expenses	223	130
(u) Other expenses [Refer note 32(a) below]	332	412
<b>Total</b>	<b>49,698</b>	<b>56,372</b>

#### (a) Auditors' Remuneration (excluding taxes):

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit Fees	100	95
Tax Audit Fees	4	4
Other Services (includes out of pocket expenses) *	30	38
	<b>134</b>	<b>137</b>

(Auditors' remuneration is included in Other expenses)

\* Other Services include fees for certifications

#### (b) Expenditure in Foreign Currency

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Legal and professional fees	66	1,627
Commission paid	-	43
Information Technology Expenses	872	1,013
Other expenses	25	48
	<b>963</b>	<b>2,731</b>

#### (c) Corporate social responsibility expenses

(i) Gross amount required to be spent by the company during the year was Rs. 1,001 lakh (Year ended March, 31, 2020 : 945 lakh)

(ii) Amount spent during the year on:

PARTICULARS	Paid	Yet to be paid	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	1,001	-	1,001

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 33. Employee benefit expenses

#### A. Defined contribution plans

##### 1) Superannuation Fund

The Company makes contribution towards superannuation fund, a defined contribution retirement plan for qualifying employees. The Superannuation fund is administered by superannuation fund set up as Trust by Tata Capital Limited ("the ultimate parent Company"). The Company is liable to pay to the superannuation fund to the extent of the amount contributed. The Company recognizes such contribution as an expense in the year of contribution. The Company has recognised Rs. 80 Lakh (Year ended 31 March 2020 Rs. 75 Lakh) for Superannuation Fund contributions in the Statement of Profit and Loss.

#### B. Defined benefit plan

##### 1) Provident Fund

The Company makes Provident Fund contributions, a defined benefit plan for qualifying employees. Under the Schemes, both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, except that the employer's contribution towards pension fund is paid to the Regional Provident Fund office, as specified under the law, are made to the provident fund set up as an irrevocable trust by Tata Capital Limited ("the ultimate parent Company"). The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. Hence the Company is 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. The total liability in respect of the interest shortfall of the Fund is determined on the basis of an actuarial valuation. The interest liability arising only to the extent of the aforesaid differential shortfalls is a defined benefit plan. There is no such shortfall as at March 31, 2021.

The Provident Fund contributions along with the interest shortfall if any are recognized as an expense in the year in which it is determined. The Company has recognised Rs. 1,567 Lakh (Year ended 31 March 2020 Rs. 1,691 Lakh) for Provident Fund contributions and Rs. Nil (Year ended 31 March 2020 Rs. Nil) for interest shortfalls in the Statement of Profit and Loss.

##### 2) Gratuity

The Company offers its employees defined benefit plans in the form of a gratuity scheme (a lump-sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are recorded in the Other Comprehensive Income. The Company provides gratuity for employees in India as per payment of Gratuity Act, 1972. The gratuity scheme for employees is as under:

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

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

The Tata Capital Limited Gratuity Scheme is funded by way of a separate irrevocable Trust and the Company is expected to make regular contributions to the Trust. The fund is managed internally by the Company and the assets are invested as per the pattern prescribed under Rule 67 of Income Tax Rules, 1962. The asset allocation of the Trust is set by Trustees from time to time, taking into account the membership profile, the liquidity requirements of the plan and risk appetite of the plan sponsor as per the investment norms. Each year asset-liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and Contribution policies are integrated within this study.

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

1. Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
2. Salary Inflation risk: Higher than expected increases in salary will increase the defined benefit obligation
3. Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.
4. Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
5. Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

#### The Company offers the following long term employee benefit schemes to its employees:

- i. Gratuity
- ii. Leave Liability

#### The following table sets out the funded / unfunded status of the defined benefit schemes and the amount recognised in the financial statements:

##### Movement in net defined benefit (asset) liability

##### a) Reconciliation of balances of Defined Benefit Obligations.

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Defined Obligations at the beginning of the year	4,488	-	3,815	-
Current service cost	635	-	547	-
Interest cost	274	-	252	-
Amalgamations / Acquisitions	(65)	-	(11)	-
a. Due to change in financial assumptions	(35)	-	284	-
b. Due to change in experience adjustments	(233)	-	225	-
c. Due to experience adjustments	-	-	-	-
Others (please specify below)	-	-	-	-
Benefits paid directly by the Company	(268)	-	(624)	-
<b>Defined Obligations at the end of the year</b>	<b>4,795</b>	<b>-</b>	<b>4,488</b>	<b>-</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 33. Employee benefit expenses

#### b) Reconciliation of balances of Fair Value of Plan Assets

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Fair Value at the beginning of the year	4,159	-	3,760	-
Expected return on plan assets	536	-	(266)	-
Employer contributions	329	-	391	-
Amalgamations / Acquisitions	(65)	-	(11)	-
Others (please specify below)	-	-	-	-
Interest Income on Plan Assets	272	-	285	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>5,231</b>	<b>-</b>	<b>4,159</b>	<b>-</b>

#### c) Funded status

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Deficit of plan assets over obligations	-	-	-	-
Surplus of plan assets over obligations	435	-	(329)	-
Unrecognised asset due to asset ceiling	-	-	-	-
<b>Total</b>	<b>435</b>	<b>-</b>	<b>(329)</b>	<b>-</b>

#### d) Categories of plan assets

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Corporate bonds	1,041	-	893	-
Equity shares	325	-	240	-
Government securities	1,256	-	959	-
Insurer managed funds-ULIP Product	2,484	-	2,063	-
Cash	125	-	4	-
<b>Total</b>	<b>5,231</b>	<b>-</b>	<b>4,159</b>	<b>-</b>

#### e) Amount recognised in Balance sheet

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Present value of the defined benefit obligation	4,795	-	4,488	-
Fair value of plan assets	5,231	-	4,159	-
Unrecognised asset due to asset ceiling	-	-	-	-
Unrecognised past service costs	-	-	-	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>435</b>	<b>-</b>	<b>(329)</b>	<b>-</b>

#### f) Amount recognised in Statement of Profit and Loss

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Current Service Cost	635	-	547	-
Past Service cost	-	-	-	-
Interest Cost (net)	2	-	(33)	-
Curtailement cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Received from intra-group companies on transfer of employees	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial loss/(gain) recognised during the year	-	-	-	-
Others (please specify)	-	-	-	-
<b>Expenses for the year</b>	<b>637</b>	<b>-</b>	<b>514</b>	<b>-</b>

#### g) Amount recognised in OCI

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
a. Due to change in financial assumptions	(35)	-	284	-
b. Due to change in experience adjustments	(233)	-	225	-
c. Due to experience adjustments	-	-	-	-
d. (Return) on plan assets (excl. interest income)	(536)	-	266	-
e. Change in Asset Ceiling	-	-	-	-
<b>Total remeasurements in OCI</b>	<b>(804)</b>	<b>-</b>	<b>775</b>	<b>-</b>
<b>Total defined benefit cost recognized in P&amp;L and OCI</b>	<b>(168)</b>	<b>-</b>	<b>1,289</b>	<b>-</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 33. Employee benefit expenses

#### b) Expected cash flows for the following year

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Expected total benefit payments	6,975	6,624
Year 1	472	451
Year 2	483	438
Year 3	597	501
Year 4	656	617
Year 5	672	674
Next 5 years	4,095	3,942

#### i) Major Actuarial Assumptions

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount Rate (%)	6.40%	6.30%
Salary Escalation/ Inflation (%)	Non CRE: 8.25%, CRE & J Grade:6%	Non CRE: 8.25%, CRE & J Grade:6%
Expected Return on Plan assets (%)	6.40%	6.30%
Attrition		
Mortality Table	Indian assured lives Mortality (2006-08) (modified) Ult.	Indian assured lives Mortality (2006-08) (modified) Ult.
Medical cost inflation		
Disability	CRE and J Grade : 40%; Non CRE -Less than 5years 25% and more than 5 years 10%	CRE and J Grade : 40%; Non CRE -Less than 5years 25% and more than 5 years 10%
Withdrawal (rate of employee turnover)		
Retirement Age	60 years	60 years
Weighted Average Duration		
Guaranteed rate of return		
Estimate of amount of contribution in the immediate next year	472	451

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

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

#### i) Sensitivity analysis

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

	March 31, 2021		March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(330)	375	(314)	357
Future salary growth (1% movement)	365	(329)	347	(312)
Others (Withdrawal rate 5% movement)	(305)	455	(293)	444

#### j) Provision for leave encashment

	March 31, 2021		March 31, 2020	
	Non current	Current	Non current	Current
Liability for compensated absences	1,078	267	1,112	342

Experience adjustments	Defined benefit obligation	Plan assets	Surplus/ (deficit)	Experience adjustments on plan liabilities	Experience adjustments on plan assets
<b>Funded</b>					
2020-21	4,795	5,231	435	233	536
2019-20	4,488	4,159	(329)	(225)	(266)
<b>Unfunded</b>					
2020-21	-	-	-	-	-
2019-20	-	-	-	-	-

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34 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. For shorter tenure financial assets such as channel finance, the remaining tenure is assumed to be six months.

Derivatives held for risk management :

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

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34 Fair values of financial instruments (Continued)

See accounting policy in Note 2(iv).

#### B. Valuation framework

The Company has established a policy for the measurement of fair values addressing the requirement to independently verify the results of all significant fair value measurements. Specific controls include:

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

When third party information, such as valuation agency report is used to measure fair value, the Company assesses the documents and evidence used to support the conclusion that the valuations meet the requirements of Ind AS. This includes:

- 1) understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- 2) when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- 3) if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.



# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34. Fair values of financial instruments

#### C. Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2021 is as follows:

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
<b>Financial Assets:</b>				
Cash and cash equivalents	-	-	1,00,316	1,00,316
Bank balances other than (a) above	-	-	109	109
Trade receivables	-	-	1,962	1,962
Loans including credit substitutes	1,000	4,649	42,78,179	42,83,828
Investments (Other than in Associate)	16,361	-	1,10,403	1,26,764
Other financial assets	-	-	62,293	62,293
<b>Total</b>	<b>17,361</b>	<b>4,649</b>	<b>45,53,262</b>	<b>45,75,272</b>
<b>Financial Liabilities:</b>				
Trade and other payables	-	-	63,688	63,688
Borrowings *	-	-	38,54,117	38,54,117
Right to use liabilities	-	-	8,092	8,092
Other financial liabilities	-	-	93,647	93,647
Derivative financial liabilities	-	18,222	-	18,222
<b>Total</b>	<b>-</b>	<b>18,222</b>	<b>40,19,544</b>	<b>40,37,766</b>

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

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

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
<b>Financial Assets:</b>				
Cash and cash equivalents	-	-	1,58,466	1,58,466
Other balances with banks	-	-	72	72
Trade receivables	-	-	4,060	4,060
Loans including credit substitutes	1,000	4,234	42,57,223	42,62,457
Investments (Other than in Associate)	14,414	-	-	14,414
Other financial assets	-	-	44,522	44,522
Derivative financial assets	-	5,674	-	5,674
<b>Total</b>	<b>15,414</b>	<b>9,908</b>	<b>44,64,343</b>	<b>44,89,665</b>
<b>Financial Liabilities:</b>				
Trade and other payables	-	-	46,072	46,072
Borrowings *	-	-	39,01,936	39,01,936
Right to use liabilities	-	-	9,427	9,427
Other financial liabilities	-	-	83,186	83,186
Derivative financial liabilities	-	3,381	-	3,381
<b>Total</b>	<b>-</b>	<b>3,381</b>	<b>40,40,621</b>	<b>40,44,002</b>

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

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34. Fair values of financial instruments (Continued)

#### C. Financial assets and liabilities (Continued)

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

As at March 31, 2021	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Mutual fund units	-	1,602	-	1,602
Equity Shares	10,980	-	3,689	14,669
Security Receipts	-	90	-	90
Loans including credit substitutes *	-	-	5,649	5,649
<b>Total</b>	<b>10,980</b>	<b>1,692</b>	<b>9,338</b>	<b>22,010</b>
<b>Financial Liabilities:</b>				
Derivative Financial Liabilities	-	18,222	-	18,222
<b>Total</b>	<b>-</b>	<b>18,222</b>	<b>-</b>	<b>18,222</b>

\* Loans including credit substitutes under level 3 includes investment in compulsorily convertible debentures.

As at March 31, 2020	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Mutual fund units	-	1,597	-	1,597
Equity Shares	9,042	-	3,356	12,398
Security Receipts	-	419	-	419
Loans	-	1,000	4,234	5,234
Derivative Financial Assets	-	5,674	-	5,674
<b>Total</b>	<b>9,042</b>	<b>8,690</b>	<b>7,590</b>	<b>25,322</b>
<b>Financial Liabilities:</b>				
Derivative Financial Liabilities	-	3,381	-	3,381
<b>Total</b>	<b>-</b>	<b>3,381</b>	<b>-</b>	<b>3,381</b>

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying Value	Fair value	Carrying Value	Fair value
<b>Financial Assets at amortised cost:</b>				
Loans including credit substitutes	42,78,179	43,33,534	42,57,223	42,68,847
Investments	1,10,404	1,10,792	-	-
<b>Total</b>	<b>43,88,583</b>	<b>44,44,326</b>	<b>42,57,223</b>	<b>42,68,847</b>
<b>Financial Liabilities at amortised cost:</b>				
Borrowings (includes debt securities and subordinated liabilities)	38,54,117	37,86,144	39,01,936	38,67,724
<b>Total</b>	<b>38,54,117</b>	<b>37,86,144</b>	<b>39,01,936</b>	<b>38,67,724</b>

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

#### Investment in associates:

The Company has elected to measure Investment in associates at cost and accordingly the requirement of disclosure of fair value of the instrument under Ind AS 107 does not apply.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 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.

T bills and Government securities are valued based on market quotes.

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.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34. Fair values of financial instruments (Continued)

D. The following table summarises valuation techniques used to determine fair value, fair value measurements using significant unobservable inputs (level 3) and valuation inputs and relationship to fair value

Financial instruments	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at March 31, 2021	As at March 31, 2020				
Equity Shares - unquoted*	3,689	3,356	Level 3	Valuation is based on Net asset value method which is based on the asset and liabilities values as per the Latest financial statements of the investee company and estimated earnings up to the reporting date	Forecast of annual revenue is based on the earnings for the latest reported financial year	The estimated fair value would increase (decrease) if the annual revenue growth were higher (lower)
Compulsorily Convertible Debenture	1,000	-	Level 3	Valuation is based on the transaction price due to illiquid nature of Investment and the immaterial option value.	Transaction price as on March 31, 2020 (Rs. 10 Lakh per Debenture)	Higher the discounting rate lower the fair value of loans
Loans - FVTOCI	4,649	4,234	Level 3	Discounted contractual cash flows.	Discounting rate of 10% (previous year : 10%) and future cash flows.	Higher the discounting rate lower the fair value of loans
<b>Financial instruments at FVTPL/FVTOCI (B)</b>	<b>9,338</b>	<b>7,590</b>				

Certain listed equity investments are carried at Nil value on account of low trading. Fair value of the unquoted equity investment received upon settlement of loan has been considered at Nil value as the company is under going liquidation.

E. Sensitivity disclosure for level 3 fair value measurements:

Particulars	Unobservable input	Sensitivity	Impact of change in rates on Total Comprehensive Income			
			As at March 31, 2021		As at March 31, 2020	
			Favourable	Unfavourable	Favourable	Unfavourable
Equity Shares	Net Asset Value	1%	37	(37)	34	(34)
Compulsorily Convertible Debenture	Transaction price	1%	10	(10)	10	(10)
Loans	Discounting rate	1%	48	(47)	43	(42)
<b>Total</b>			<b>95</b>	<b>(94)</b>	<b>87</b>	<b>(86)</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 34. Fair values of financial instruments

#### F Level 3 fair value measurements

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

i	Particulars	FVTOCI	FVTPL	FVTPL	Total
		Loans	Loans	Investments	
	<b>As at April 1, 2020</b>	4,234	-	3,356	7,590
	Total gains or losses:				-
	in profit or loss	-	-	333	333
	in OCI	88	-	-	88
	Purchases	4,000	-	-	4,000
	Settlements	(3,673)	-	-	(3,673)
	Transfers into Level 3	-	1,000	-	1,000
	<b>As at March 31, 2021</b>	<b>4,649</b>	<b>1,000</b>	<b>3,689</b>	<b>9,338</b>

Total gains or losses for the period in the above table are presented in the statement of profit or loss and OCI as follows.

ii	Particulars	FVTOCI	FVTPL	FVTPL	Total
		Loans	Loans	Investments	
	<b>For the year ended March 31, 2021</b>				
	Total gains and losses				
	Recognised in profit or loss:				
	Fair value changes :				
	-Realised	-	-	-	-
	-Unrealised	-	-	333	333
	Recognised in FVTOCI	88	-	-	88
	Total Net gain/(loss) on fair value changes	88	-	333	421
	Total	<b>88</b>	<b>-</b>	<b>333</b>	<b>421</b>

iii	Particulars	FVTOCI	FVTPL	FVTPL	Total
		Loans	Loans	Investments	
	<b>As at April 1, 2019</b>	21,080	-	7,003	28,083
	Total gains or losses:				-
	in profit or loss	-	-	(147)	(147)
	in OCI	(19)	-	-	(19)
	Purchases/transfer	223	-	(3,500)	(3,277)
	Settlements	(17,050)	-	-	(17,050)
	<b>As at March 31, 2020</b>	<b>4,234</b>	<b>-</b>	<b>3,356</b>	<b>7,590</b>

Total gains or losses for the period in the above table are presented in the statement of profit or loss and OCI as follows.

iv	Particulars	FVTOCI	FVTPL	FVTPL	Total
		Loans	Loans	Investments	
	<b>For the period ended March 31, 2020</b>				
	Total gains and losses				
	Recognised in profit or loss:				
	Fair value changes :				
	-Realised	-	-	-	-
	-Unrealised	-	-	(147)	(147)
	Recognised in FVTOCI	(19)	-	-	(19)
	Total Net gain/(loss) on fair value changes	(19)	-	(147)	(166)
	Total	<b>(19)</b>	<b>-</b>	<b>(147)</b>	<b>(166)</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. 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 36

#### 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 36.

#### i. Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. The amounts in the table represent gross carrying amounts for financial assets. For loan commitments, the amounts in the table represent the amounts committed. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 2xi.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

##### 1) Days past due based method implemented by Company for credit quality analysis of Loans

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

Outstanding Gross Loans	As at March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Days past due</b>								
Zero overdue	40,54,375	57,066	7,062	41,18,504	40,72,153	12,410	1,106	40,85,669
1-29 days	1,13,191	3,560	1,412	1,18,163	1,38,475	5,007	249	1,43,731
30-59 days	-	66,373	847	67,221	-	66,092	328	66,420
60-89 days	-	44,881	3,096	47,977	-	29,132	664	29,796
90 or more days	-	-	1,20,500	1,20,500	-	-	1,03,444	1,03,444
<b>Total</b>	<b>41,67,566</b>	<b>1,71,881</b>	<b>1,32,917</b>	<b>44,72,364</b>	<b>42,10,628</b>	<b>1,12,641</b>	<b>1,05,791</b>	<b>44,29,060</b>

Note: Gross carrying amount does not include loan commitments Rs.224,443 (As on March 31, 2020: Rs. 290,258 lakh) which are categorised as Stage I asset under zero overdue.

Impairment allowance on Loans	As at March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Days past due</b>								
Zero overdue	27,849	14,649	2,765	45,263	43,569	2,063	827	46,459
1-29 days	7,068	1,609	596	9,274	5,868	1,501	148	7,517
30-59 days	-	17,115	529	17,644	-	13,248	188	13,436
60-89 days	-	15,865	1,888	17,753	-	9,141	356	9,497
90 or more days	-	-	88,299	88,299	-	-	81,195	81,195
<b>Total</b>	<b>34,917</b>	<b>49,238</b>	<b>94,077</b>	<b>1,78,232</b>	<b>49,437</b>	<b>25,953</b>	<b>82,714</b>	<b>1,58,104</b>

#### Notes:

1. Includes impairment allowance on loan commitments Rs. 1,197 lakh (As on March 31, 2020 1,726 lakh)
2. The above includes impairment allowance towards loan designated as FVTOCI amounting to Rs. 18 lakh (as on March 31, 2020 : Rs. 20 lakh)
3. Impairment loss allowance includes impairment loss allowance on loans under fair value through profit and loss Rs. 4 lakh (Previous year : Rs 5 lakh)

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

3) PARTICULARS	As at	
	March 31, 2021	March 31, 2020
<b>LOANS</b>		
- Amortised Cost	44,66,715	44,23,826
- At Fair Value through Other Comprehensive Income	4,649	4,234
- At Fair Value through Other Profit and Loss	1,000	1,000
<b>Total - Gross Loans</b>	<b>44,72,364</b>	44,29,060
Less: Un-amortized loan sourcing cost and revenue received in advance	(11,518)	(10,244)
<b>Total - Carrying Value of Loans</b>	<b>44,60,846</b>	44,18,816
<b>Less : Impairment Allowance</b>	<b>(1,78,232)</b>	(1,58,104)
<b>Total - Net Loans</b>	<b>42,82,614</b>	42,60,712

#### 4) Trade receivables

PARTICULARS	As at March 31, 2021			As at March 31, 2020		
	Gross	Impairment allowance	Net	Gross	Impairment allowance	Net
Category of Trade receivables						
Stage 1: Considered good	1,962	-	1,962	4,060	-	4,060
Stage 2: Significant increase in credit risk	45	45	-	33	33	-
Stage 3: Credit impaired	-	-	-	-	-	-
<b>Net Carrying value of trade receivables</b>	<b>2,007</b>	<b>45</b>	<b>1,962</b>	<b>4,093</b>	<b>33</b>	<b>4,060</b>



# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

##### i. Credit quality analysis (Continued)

#### Derivative Financial Instruments

The Company enters into derivatives contract for risk management purposes and has elected to apply hedge accounting requirements. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

Derivatives held for Risk management purposes	As at March 31, 2021			As at March 31, 2020		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Foreign Exchange Forward contracts	1,79,489	-	15,104	1,88,509	5,674	801
Cross currency interest rate swap	36,615	-	1,304	-	-	-
Interest rate swap	1,74,262	-	1,813	1,80,185	-	2,580
<b>Total</b>	<b>3,90,366</b>	<b>-</b>	<b>18,222</b>	<b>3,68,694</b>	<b>5,674</b>	<b>3,381</b>

#### 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 36.

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.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

##### ii Collateral and other credit enhancements

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 corporate and small business lending, first charge over real estate properties, plant and machineries, inventory and trade receivables, equity and debt securities, floating charge over the corporate assets are obtained. For Construction equipment finance, the asset is hypothecated to the Company.

For retail lending, loan against properties over residential/commercial properties is obtained. For vehicle and tractor loans, the respective movable asset is hypothecated to the Company.

The table represents categories of collaterals available against the loan exposures:

Particulars	Categories of collaterals available	As at	
		March 31, 2021	March 31, 2020
<b>Financial assets</b>			
<b>Loans</b>			
Bills purchased and bills discounted	Charge on Trade receivables and inventories	1,18,666	42,008
Term loans	A) Charges over: i) real estate properties (including residential and commercial), ii) Property and equipment, iii) inventory and trade receivables, iv) marketable securities (equity and debt securities)	40,79,669	41,19,912
Credit substitutes	B) hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors C) floating charge on corporate assets as mentioned in point A	1,72,320	1,79,530
Finance lease and hire purchase	Hypothecation of the underlying asset financed, primarily includes plant and equipment	92,515	78,072
Retained portion of assigned loans	mortgages over residential properties	1,658	2,252
<b>Total</b>		<b>44,64,828</b>	<b>44,21,774</b>

#### Assets obtained by taking possession of collateral

The Companies 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 or other assets with the help of external agents to recover funds, to settle outstanding debt. Any surplus funds if any received are returned to the customers/obligors. As a result of this practice, the residential properties, vehicles, construction equipments and tractors 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, plant and machinery, equity shares and debt securities 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.

As on March 31, 2021, the Company has given loan against shares / equity oriented mutual funds / debt securities amounting to Rs. 420,671 Lakh (previous year : 243,620 lakh). The customer has the obligation to maintain Loan to Value (LTV) of 50% as per RBI norms for shares and equity oriented mutual funds at any point in time, failing which the Company has right to make good the shortfall within 7 working days.

As on March 31, 2021, the Company is in possession of assets held for sale gross carrying value Rs. 3056 lakh ((Previous year : Rs. 4,433 lakh) and provision towards the same Rs. 3,056 lakh (Previous year : 4,433 lakh)).

The Company has written-off loans of Rs. 81,455 lakh in financial year ended March 31, 2021 (Previous year : Rs. 79,333 lakh). The Company retains its contractual right against the obligor and may pursue all remedies to recover these dues.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk (Continued)

##### ii Collateral and other credit enhancements (Continued)

The table represents categories of collaterals available against the Stage 3 assets, basis valuation available with the Company:

Particulars	Categories of collaterals available	As at	
		March 31, 2021	March 31, 2020
<b>Financial</b>			
<b>Loans</b>			
Bills purchased and bills discounted	Charge on Trade receivables and inventories	-	-
Term loans	A) Charges over: i) real estate properties (including residential and commercial), ii) Property and equipment, iii) inventory and trade receivables, iv) marketable securities (equity and debt securities)	6,315	5,320
Credit substitutes	B) hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors C) floating charge on corporate assets as mentioned in point A	-	-
<b>Total</b>		<b>6,315</b>	<b>5,320</b>

Note: Fresh valuation is obtained for stage 3 assets upon becoming overdue for more than 15 months.

### **35. Financial risk review(continued)**

#### **A. Credit risk**

##### **iii Amounts arising from ECL**

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

#### **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, rescheduling 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(xi) 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. Defaulted accounts include customers reported as fraud in the Fraud Risk Management Committee (FRMC).

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 in a normal distribution curve while the other scenarios represent more optimistic and more pessimistic outcomes. More weight is applied to pessimistic outcome consistently as a matter of prudence than optimistic outcome.

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) Exit directed by the Risk Management Committee
- vi) Accounts classified by SICR committee indicating significant increase in credit risk
- 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 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 includes but is not limited to;

- a) Private consumption
- b) Real GDP
- c) Housing Price Index
- d) Lending interest rate
- e) Consumer prices
- f) Real agriculture
- g) Long-term bond yield

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. The Company has prospectively adopted collection curve method for computation of loss given defaults to determine expected credit losses. In the absence of observed history of default, LGD applied is based on Basel IRB norms for certain products.

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 RBI for various loan commitments. For financial assets in stage 2, EAD is determined by estimating the possible exposure in future using linear amortisation techniques.
- 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 RBI guidelines, absent availability of information of past history of conversion of un-utilised limits into utilised limits is considered as exposure at default for non-fund based facilities.

#### **4. Modified financial assets**

The Company renegotiates loans 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 debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor 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 downgradation and accordingly loss allowance is measured using 12 month PD.

Pursuant to RBI Covid restructuring policy, accounts for which Covid restructuring facility were given have been reclassified from Stage I to Stage II if DPD at invocation was between 0-29 and If the DPD was 30+ then the accounts were further downgraded within Stage II and corresponding staging wise ECL provision was done.

## **5. 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 ECL.

The Company has calculated impact of COVID-19 on a collective basis. The portfolio is segmented based on nature of products, period of moratorium opted by the borrower and number of instances of bounces observed post COVID-19 moratorium. Further, the Company has segmented the portfolio, into various products based on re-structured and non-restructured pool for arriving at the potential impact on probability of default.

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. 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. 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 is carrying a provision of Rs. 10,600 lakh for the period ended March 31, 2021. (For the previous year ended March 31, 2020 Rs. 18,000 lakh), 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.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. 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	For the period ended March 31, 2021				For the period ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount opening balance</b>	42,10,628	1,12,641	1,05,791	44,29,060	42,35,871	1,17,603	1,09,268	44,62,742
New assets originated or purchased (Including charges levied on existing exposure)	18,47,004	290	255	18,47,549	20,64,030	11	62	20,64,103
Assets derecognised or repaid (excluding write offs)	(16,76,532)	(30,900)	(12,764)	(17,20,196)	(19,47,623)	(45,467)	(17,363)	(20,10,454)
Transfers to Stage 1	27,435	(25,497)	(1,937)	-	20,373	(19,375)	(998)	-
Transfers to Stage 2	(1,49,391)	1,50,445	(1,054)	-	(87,066)	88,216	(1,150)	-
Transfers to Stage 3	(82,477)	(28,406)	1,10,882	-	(64,405)	(19,572)	83,977	-
Amounts written off	(9,101)	(6,692)	(68,256)	(84,049)	(10,551)	(8,774)	(68,005)	(87,330)
<b>Gross carrying amount closing balance</b>	<b>41,67,566</b>	<b>1,71,881</b>	<b>1,32,917</b>	<b>44,72,364</b>	<b>42,10,628</b>	<b>1,12,641</b>	<b>1,05,791</b>	<b>44,29,060</b>

Note : Gross carrying amount does not include loan commitments Rs. 224,443 lakh (As on March 31, 2020: Rs. 290,258 lakh).

b) Particulars	For the period ended March 31, 2021				For the period ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance - opening balance</b>	49,437	25,953	82,714	1,58,104	34,527	23,969	92,301	1,50,797
Remeasurements due to changes in EAD / estimates	1,05,944	17,181	3,462	1,26,587	99,069	8,604	4,099	1,11,772
Assets derecognised or repaid (excluding write offs)	(26,435)	(8,377)	(10,725)	(45,537)	(15,949)	(10,243)	(10,607)	(36,799)
Transfers to Stage 1	727	(679)	(49)	-	325	(296)	(29)	-
Transfers to Stage 2	(36,864)	36,990	(126)	-	(20,294)	20,565	(271)	-
Transfers to Stage 3	(57,359)	(18,939)	76,298	-	(47,850)	(13,708)	61,558	-
Amounts written off	(533)	(2,891)	(57,497)	(60,922)	(390)	(2,939)	(64,337)	(67,665)
<b>ECL allowance - closing balance</b>	<b>34,917</b>	<b>49,238</b>	<b>94,077</b>	<b>1,78,232</b>	<b>49,437</b>	<b>25,953</b>	<b>82,714</b>	<b>1,58,104</b>

Note : Includes impairment allowance on loan commitments Rs. 1,197 lakh (As on March 31, 2020 1,726 lakh)

Bank balances of the company are with highly rated banks. Hence, the Company doesn't expect any ECL on cash and cash equivalents and other bank balances.

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 35(A)(iii).

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

iii Amounts arising from ECL

#### Exposure to modified financial assets

(Rs. in lakh)

PARTICULARS	As at	As at
	March 31, 2021	March 31, 2020
Loan exposure to modified financial assets		
(i) Gross carrying amount	67,851	3,421
(ii) Impairment allowance	19,888	1,827
(iii) Net carrying amount	47,963	1,594

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### A. Credit risk

##### Loans by Division

#### iv) Concentration of Credit Risk

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

STAGE	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>SBU</b>								
Consumer Finance & Advisory Business	15,80,248	1,33,443	93,369	18,07,059	18,10,122	61,942	54,319	19,26,383
Corporate & SME Finance Division	25,80,782	38,438	39,548	26,58,768	23,94,219	50,700	49,991	24,94,910
Others	6,536	-	-	6,536	6,286	-	1,481	7,767
<b>Total</b>	<b>41,67,566</b>	<b>1,71,881</b>	<b>1,32,917</b>	<b>44,72,364</b>	<b>42,10,627</b>	<b>1,12,642</b>	<b>1,05,791</b>	<b>44,29,060</b>

Note : Gross carrying amount does not include loan commitments Rs. 224,443 (As on March 31, 2020: Rs. 290,258 lakh).

STAGE	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>SBU</b>								
Consumer Finance & Advisory Business	22,525	43,247	59,889	1,25,661	27,124	19,352	41,696	88,172
Corporate & SME Finance Division	12,366	5,991	34,188	52,545	22,287	6,602	39,537	68,426
Others	26	-	-	26	25	-	1,481	1,506
<b>Total</b>	<b>34,917</b>	<b>49,238</b>	<b>94,077</b>	<b>1,78,232</b>	<b>49,436</b>	<b>25,954</b>	<b>82,714</b>	<b>1,58,104</b>

Note : Includes impairment allowance on loan commitments Rs. 1,197 lakh (As on March 31, 2020 1,726 lakh)

# TATA Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. 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 36.

#### 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.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. 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.
Loans disbursed to customers and unrecognised loan commitments	Earliest possible contractual maturity.
Derivative financial liabilities and financial assets held for risk management purposes	The Derivative liability amount represents the Mark to market (MTM) gain.

The Companies expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

Unrecognised loan commitments are not all expected to be drawn down immediately; and retail loans (includes personal loan, business loan, consumer durable loan, auto loan, home equity) have an original contractual maturity of between 12 and 144 months but an average expected maturity of 16 months because customers take advantage of early repayment options. Similarly Corporate loans have an original contractual maturity of between 12 and 60 months respectively for Channel finance and Commercial finance term loans respectively, but an average expected maturity of 7 months and 24 months respectively.

As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents to meet liquidity requirements. In addition, the Company maintains agreed lines of credit with other banks to maintain the liquidity requirements.

The Company has a policy of recognizing cash flows from performing assets on the basis of their contracted maturities. However due to the advent of Covid 19 and measures announced by RBI, the Company has adopted a conservative approach for bucketing the inflows by suitably deferring the expected inflows on performing loans in the initial part of the fiscal year 2021.

The Company is in the business of giving loans for different categories of customers 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, 2021 as stated in the above note.

The Company has set tolerance limits in the light of the Company's business objectives, strategic direction and overall risk appetite. The tolerance limits reflects balance between profitability and managing liquidity risk and considers Company's current financial condition and funding capacity. The Company maintains liquidity buffer of unencumbered highly liquid assets (if required) to insure against liquidity stress events.



# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

As at March 31, 2021	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1-3 months	3 months -1 year	1-5 years	More than 5 years	upto 1 Year	more than 1 Year
<b>Financial liability by type</b>									
<b>Non-derivative liabilities</b>									
Trade payables *	63,688	63,688	-	-	63,688	-	-	63,688	-
Debt securities issued	20,05,053	20,05,053	28,700	1,15,800	6,37,660	9,31,905	2,90,987	7,82,160	12,22,893
Borrowings (Other than debt securities)	12,82,996	12,82,996	55,285	2,84,375	6,04,481	3,38,856	-	9,44,140	3,38,856
Subordinated liabilities	3,55,532	3,55,532	-	100	11,952	1,19,365	2,24,115	12,052	3,43,480
External commercial borrowings	2,10,536	2,10,536	-	-	-	2,10,536	-	-	2,10,536
Lease liability	8,092	8,092	213	422	1,955	4,796	706	2,590	5,502
Other financial liabilities *	93,647	93,647	731	-	46,369	44,084	2,463	47,100	46,547
Issued loan commitments	-	-	-	-	-	-	-	-	-
<b>Derivative liabilities</b>	18,222	19,889	616	147	2,339	16,787	-	3,102	16,787
<b>Total</b>	<b>40,37,766</b>	<b>40,39,434</b>	<b>85,545</b>	<b>4,00,845</b>	<b>13,68,444</b>	<b>16,66,329</b>	<b>5,18,271</b>	<b>18,54,834</b>	<b>21,84,600</b>
Market Borrowings	24,76,087	24,76,087	30,144	1,24,900	7,54,671	10,51,270	5,15,102	9,09,715	15,66,372
Bank borrowings	13,78,030	13,78,030	53,841	2,75,375	4,99,423	5,49,392	-	8,28,638	5,49,392
<b>Total Borrowings</b>	<b>38,54,117</b>	<b>38,54,117</b>	<b>83,985</b>	<b>4,00,275</b>	<b>12,54,093</b>	<b>16,00,662</b>	<b>5,15,102</b>	<b>17,38,353</b>	<b>21,15,764</b>
<b>Financial asset by type</b>									
<b>Non-derivative assets</b>									
Cash and cash equivalents	1,00,316	1,00,316	90,284	-	10,032	-	-	1,00,316	-
Bank balances	109	109	-	-	109	-	-	109	-
Receivables *	1,962	1,962	-	-	1,962	-	-	1,962	-
Loans	42,83,828	42,83,828	2,71,334	6,23,566	10,25,211	17,21,829	6,41,889	19,20,110	23,63,718
Investments	1,30,906	1,30,906	1,10,403	-	-	1,602	18,901	1,10,403	20,503
Other Financial Assets *	62,293	62,292	-	-	55,863	6,429	-	55,863	6,429
<b>Derivative assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>45,79,414</b>	<b>45,79,413</b>	<b>4,72,021</b>	<b>6,23,566</b>	<b>10,93,177</b>	<b>17,29,860</b>	<b>6,60,790</b>	<b>21,88,763</b>	<b>23,90,650</b>

\* Maturity pattern considered as per ALM reporting.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

As at March 31, 2020	Carrying amount	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
<b>Financial liability by type</b>									
<b>Non-derivative liabilities</b>									
Trade payables	46,072	46,072	4,615	23,076	18,381	-	-	46,072	-
Debt securities issued	18,98,850	18,98,850	57,084	4,30,320	3,49,448	7,96,421	2,65,577	8,36,852	10,61,998
Borrowings (Other than debt securities)	15,16,985	15,16,985	1,04,823	3,65,198	4,42,190	6,04,775	-	9,12,210	6,04,775
Subordinated liabilities	3,06,930	3,06,930	1,110	5,549	4,604	50,835	2,44,832	11,263	2,95,667
External commercial borrowings	1,79,171	1,79,171	-	-	-	1,79,171	-	-	1,79,171
Lease liability	9,427	9,427	-	-	-	9,427	-	-	9,427
Other financial liabilities	83,186	83,186	3,469	17,346	18,661	43,710	-	39,476	43,710
Issued loan commitments	-	-	-	-	-	-	-	-	-
Derivative liabilities	3,381	3,550	66	-	890	2,594	-	956	2,594
<b>Total</b>	<b>40,44,002</b>	<b>40,44,171</b>	<b>1,71,167</b>	<b>8,41,488</b>	<b>8,34,174</b>	<b>16,86,933</b>	<b>5,10,409</b>	<b>18,46,829</b>	<b>21,97,342</b>
Market Borrowings	23,14,408	23,14,408	58,222	4,91,008	3,77,513	8,77,256	5,10,409	9,26,743	13,87,665
Bank borrowings	15,87,528	15,87,528	1,04,795	3,10,059	4,18,686	7,53,988	-	8,33,540	7,53,988
<b>Total Borrowings</b>	<b>39,01,936</b>	<b>39,01,936</b>	<b>1,63,017</b>	<b>8,01,067</b>	<b>7,96,200</b>	<b>16,31,244</b>	<b>5,10,409</b>	<b>17,60,283</b>	<b>21,41,653</b>
<b>Financial asset by type</b>									
<b>Non-derivative assets</b>									
Cash and cash equivalents	1,58,466	1,58,466	1,42,617	-	15,849	-	-	1,58,466	-
Bank balances	72	72	72	-	-	-	-	72	-
Receivables	4,060	4,060	-	-	4,060	-	-	4,060	-
Loans	42,62,457	42,62,457	78,477	2,43,308	13,48,756	19,99,311	5,92,605	16,70,541	25,91,916
Investments	19,013	19,013	-	50	-	1,547	17,416	50	18,963
Other Financial Assets	44,522	44,522	-	7,566	30,209	6,747	-	37,775	6,747
Derivative assets	5,674	6,540	21	17	104	6,398	-	142	6,398
<b>Total</b>	<b>44,94,264</b>	<b>44,95,130</b>	<b>2,21,187</b>	<b>2,50,941</b>	<b>13,98,978</b>	<b>20,14,003</b>	<b>6,10,021</b>	<b>18,71,106</b>	<b>26,24,024</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. 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, 2021			As at March 31, 2020		
	Pledged	Not Pledged	Total	Pledged	Not Pledged	Total
<b>Financial assets</b>						
Cash and cash equivalents	-	1,00,316	1,00,316	-	1,58,466	1,58,466
Bank Balance other than (a) above	-	109	109	-	72	72
Derivatives financial instruments	-	-	-	-	5,674	5,674
Trade Receivables	-	1,962	1,962	-	4,060	4,060
Loans	42,77,292	6,536	42,83,828	42,56,171	6,286	42,62,457
Investments	-	1,30,906	1,30,906	-	19,013	19,013
Other financial assets	-	62,293	62,293	-	44,522	44,522
<b>Non-financial Assets</b>						
Current tax asset	-	11,551	11,551	-	12,703	12,703
Deferred tax Assets (Net)	-	56,698	56,698	-	50,788	50,788
Investment property	-	-	-	-	-	-
Property, Plant and Equipment	21	67,511	67,532	23	84,898	84,921
Capital work-in-progress	-	-	-	-	52	52
Intangible assets under development	-	633	633	-	108	108
Right to use assets	-	7,294	7,294	-	8,739	8,739
Other Intangible assets	-	2,018	2,018	-	2,036	2,036
Other non-financial assets	-	15,977	15,977	-	28,625	28,625
<b>Total Assets</b>	<b>42,77,313</b>	<b>4,63,804</b>	<b>47,41,117</b>	<b>42,56,194</b>	<b>4,26,042</b>	<b>46,82,236</b>

##### 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 at March 31, 2021 and March 31, 2020 is shown in the preceding table.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### C. Market risk

##### i Exposure to interest rate risk – Non-trading portfolios (Continued)

Company carries out interest rate sensitivity analysis to assess the impact of interest rate movement on earnings, the floating rate assets and liabilities based on exposure as on end of reporting period are considered as outstanding for whole year. The fixed rate assets and liabilities which are falling due on residual basis within one year have been considered as floating rate assets and liabilities basis the minimum of 'interest rate reset date or maturity of the contract'. The basis risk between various benchmark linked to assets and liabilities are considered to be insignificant.

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 next one year.

#### As on March 31, 2021

Particulars	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Loans given	33,02,991	25,170	(25,170)
Borrowings	20,97,821	(13,579)	13,579
<b>Net Gap ( Asset - liability)</b>	<b>12,05,170</b>	<b>11,591</b>	<b>(11,591)</b>

#### As on March 31, 2020

Particulars	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Loans given	31,91,186	24,981	(24,981)
Borrowings	23,09,472	(15,933)	15,933
<b>Net Gap ( Asset - liability)</b>	<b>8,81,714</b>	<b>9,048</b>	<b>(9,048)</b>

The following table sets forth, for the periods indicated, the break-up of borrowings into variable rate and fixed rate.

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings	34%	40%
Fixed rate borrowings	66%	60%
<b>Total borrowings</b>	<b>100%</b>	<b>100%</b>

##### ii Exposure to currency risks – Non-trading portfolios

The Company has entered into derivative contract to fully hedge the risk. (Refer- Note 6)

The Company's exposure to foreign currency risk at on March 31, 2021 expressed in INR, are as follows

(Rs. in lakh)

Particulars	March 31, 2021				March 31, 2020	
	USD	EURO	JPY	SGD	USD	EURO
Letter of Credit/Buyers Credit	619	675	1,132	125	281	419
Particulars	Impact on profit after tax				Impact on profit after tax	
	March 31, 2021				March 31, 2020	
	USD	EURO	JPY	SGD	USD	EURO
Sensitivity - Increase by 1%	(6.19)	(6.75)	(11.32)	(1.25)	(2.81)	(4.19)
Sensitivity - Decrease by 1%	6.19	6.75	11.32	1.25	2.81	4.19

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### D. Disclosure pursuant to Ind AS 7 “Statement of Cash Flows”

##### Changes in Liabilities arising from financing activities

Particulars	April 1, 2020	Cash Flows	Exchange Difference	Others	March 31, 2021
Debt Securities	18,98,850	96,407	-	9,796	20,05,053
Borrowings (Other than debt securities)	16,96,156	(1,97,899)	(7,342)	2,617	14,93,532
Subordinated liabilities	3,06,930	47,243	-	1,359	3,55,532
<b>Total</b>	<b>39,01,936</b>	<b>(54,249)</b>	<b>7,342</b>	<b>13,772</b>	<b>38,54,117</b>

Other column includes the effect of amortisation of borrowing cost, interest accrued on borrowings, amortisation of premium/discount on CPs/NCDs.

Particulars	April 1, 2019	Cash Flows	Exchange Difference	Others	March 31, 2020
Debt Securities	23,06,469	(4,11,883)	-	4,264	18,98,850
Borrowings (Other than debt securities)	14,64,070	4,14,655	8,600	(1,91,169)	16,96,156
Subordinated liabilities	3,44,211	(34,254)	-	3,027	3,06,930
<b>Total</b>	<b>41,14,750</b>	<b>31,482</b>	<b>8,600</b>	<b>1,89,932</b>	<b>39,01,936</b>

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

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

E. Capital management

i Regulatory capital

The Reserve Bank of India (RBI) sets and monitors capital adequacy requirements for the Company from time to time.

The Companies 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) Cumulative compulsorily convertible preference Shares (CCCPS),
- 5) Debenture redemption reserve
- 6) Perpetual debt
- 7) Special reserve
- 8) Retained earnings
- 9) 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.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 35. Financial risk review (Continued)

#### E. Capital management

##### i 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 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Tier I capital</b>		
Ordinary share capital	1,62,993	1,62,993
Securities premium reserve	3,34,897	3,34,897
Retained earnings	81,350	41,584
Cumulative compulsorily convertible preference Shares (CCCPS),	-	-
Debenture redemption reserve	30,000	30,000
Perpetual debt	93,972	86,040
Special reserve	64,613	51,073
Fair value gain on Financial Assets carried at FVTOCI	145	-
The effective portion of loss on hedging instruments in a cost of hedge	(2,118)	-
General reserve	1,184	856
Less		
-Deferred Revenue Expenditure (includes contingent liabilities on tax matters Rs. 4.640 lakh (Previous year : 5,000)	19,852	28,029
-Goodwill & Software	2,651	2,144
-Deferred Tax Asset	56,698	50,788
<b>Tier I Capital</b>	<b>6,87,836</b>	<b>6,26,482</b>
Subordinate Debt	2,12,625	1,96,625
Impairment loss allowance - stage I	34,917	49,436
Perpetual debt	15,163	5,760
<b>Tier II Capital</b>	<b>2,62,705</b>	<b>2,51,821</b>
<b>Tier I + Tier II Capital</b>	<b>9,50,540</b>	<b>8,78,303</b>

## **36. Risk management**

### **A) Introduction**

As a financial institution, TATA Capital is exposed to various types of risks namely credit risk, liquidity risk, market risks, operational risk, strategic risk (including emerging & external risks) and compliance & reputation risk. We have adopted a holistic and data driven enterprise level risk management approach which includes monitoring both internal and external indicators.

We as an organization periodically adjust our strategy, incognizance with industry risk dynamics and emergence of new challenges and opportunities. TATA Capital's risk management framework has been laid down with long term sustainability and value creation in mind. Important pillars of the risk management approach are developing a strong risk management culture within Tata Capital and group companies, alignment of risk with business strategy, creating, preserving and realizing value. The key risks are being monitored by way of various policies covering these areas. The policies provide guiding principles by setting various limits, triggers, KRI frameworks etc. which are regularly tracked and reviews are presented to various senior management committees and board committees. An effort is also made to understand the best practices in risk management across industries which are then customized to our business requirements.

The risk management practices of Tata Capital and its subsidiaries are compliant with ISO 31000: 2018 which is the international standard for risk management that lays down principles, guidelines and framework for risk management in an organisation.

### **B) Company's Risk Management Framework for Measuring and Managing Risk**

#### **Risk Management Framework**

Risk Management forms an integral part of TATA Capital's operations. The company's Board of Directors with support of risk function has overall responsibility for the establishment and oversight of the risk management framework.

The Board of Directors has constituted following committees and defined their role for monitoring the risk management policies of the company.

#### ***Board level committees***

**Risk Management Committee of the Board (RMC):** The purpose of the Committee is to assist the Board in its oversight of various risks (i) Credit Risk (ii) Liquidity and Interest Rate Risk (iii) Operational Risk (Process, HR, Technology and Fraud) (iv)



Strategic Risks (including emerging and external risks) (v) Compliance and Reputation Risk (compliance risk and reputation risk are covered through compliance risk management charter).

**Investment Credit Committee of the Board (ICC):** Provide guidance on nature of investments that shall be undertaken, and approve credit limits for various counterparties, where exposures in aggregate exceed a certain level.

**Asset Liability Management Committee of the Board (ALCO):** ALCO shall review the Liquidity Risk and Interest Rate Risk on a regular basis and suggest necessary actions based on its view and expectations on the liquidity and interest rate profile.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the activities of the Group. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Risk Management Committee oversees how the management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### *Senior Management Committees*

**Operations Committee:** Monthly Business performance review with all the SBUs and functions on budget achievements and portfolio quality. The members include MD and various business and functional heads

**Management Credit Committee (MCC):** Committee members include Managing Director, Chief operating officer – CFD, Chief Financial officer & Head-Risk. Committee approves policies on recommendation of concerned credit committee. It approves/modifies/disapproves business proposal based on DOA approved by the Board and recommends proposals.

**Operational Risk Management Committee (ORMC):** ORMC is the oversight committee for operational risk, committee members include MD, CFO, Head-Risk, CHRO and Head-Legal & Compliance. The committee approves operational risk management policy and amendments to it, insurance management framework and corrective actions on operational risk incidents. The committee reviews the operational risk profile of the organization.

**Fraud Risk Management Committee (FRMC):** An independent Fraud Risk Management Committee (FRMC) comprising of top management representatives has been constituted who review the matters related to fraud risk and approve / recommend actions against frauds. FRMC consists of CFO, Head-Risk, CHRO and Head–Legal and Compliance.

### ***Business Unit Level Committees***

There are various committees that exist at the business level for credit sanctions, monitoring and reviews such as Credit Committee (CC), Credit Monitoring Committee (CMC) for corporate lending business and Credit Monitoring Committee (CMC), Retail Risk Review (RRR) for retail business.

## **C) Company’s Risk Management Approach for handling various type of risks**

### **a) Credit Risk**

It is the risk of loss suffered by a party whereby the counterparty fails to meet its contractual obligations. In its lending operations credit risk is one of the key risks that the company is exposed to.

#### ***Credit risk management:***

The credit risk is governed by defined credit policies and Board approved DOA which undergo periodic review. The credit policies outline the type of products that can be offered, customer categories, targeted customer profile, credit approval process, DOA and limits etc. Each business unit is required to implement company’s credit policies and procedures and maintain the quality of its credit portfolio.

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

- i. single party and group borrower limit
- ii. limit on secured and unsecured exposure for commercial and SME finance division and at Company level
- iii. establishment of a separate credit monitoring team to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required
- iv. enhanced monitoring of sensitive sector exposures

- v. enhanced monitoring of portfolio through periodic reviews

### ***Credit Risk assessment methodology***

#### Credit assessment

The Company has a structured credit approval process, which includes a well-established procedure of comprehensive credit appraisal.

For corporate and SME customers, the credit appraisal process involves critical assessment of quantitative and qualitative parameters subject to review and approval as per defined DOA. The credit assessment involves detailed analysis of industry, business, management, financials, end use etc. An internal rating is also assigned to the borrower based on defined parameters.

For retail customers, the credit assessment is based on a parameterised approach.

#### Credit risk monitoring and portfolio review

The company measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level. The company ensure effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances.

The monitoring for corporate customers includes rating of the customers based on monitoring of the security, monitoring of the portfolio based on defined triggers such as sector limits, secured/ unsecured limits, group and individual borrower limits, early warning signals etc.

The retail borrowers are managed at a portfolio level based on defined policy triggers, early warning signals etc. Data analytics is extensively used for effective risk monitoring.

#### Additional measures taken during COVID- 19 pandemic

The Company is taking following additional measures during COVID-19 pandemic for sustainable growth and maintaining a diversified and resilient portfolio.

- i. Increased engagement with the customers through dedicated relationship manager and collection team

- ii. Policy intervention by way of sector and geography analysis based on COVID 19 impact
- iii. Strengthened credit assessment process
- iv. Realigning the product suite by way of differentiated product mix offering to different segments of borrowers
- v. Increased geographical diversification of portfolio
- vi. Enhanced portfolio and account level monitoring measures
- vii. Digitization of key processes enabling better and real time portfolio monitoring.
- viii. Strengthening of the collection infrastructure

**b) Market Risk;**

Risk due to change in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads, but not relating to changes in the obligor’s/issuer’s credit standing and will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable risk tolerances levels to ensure the solvency while optimising the return on risk.

ALCO sets up limits for each significant type of risk/aggregated risk and various products in the portfolio, with market liquidity being a primary factor in determining the level of limits. The market risk officer is responsible for the development of detailed market risk management policies & periodic review along with day to day implementation.

***Exposure to Market Risk***

**Interest rate risk**

Core business of the Company is borrowing and lending as permitted by the Reserve Bank of India, exposing us to interest rate risk.

Interest rate risk is measured through Interest rate sensitivity report where gaps are being monitored classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to earliest of contracted/behavioural maturities or anticipated re-pricing date. The Company monitor interest rate risk through above measures on a monthly basis. The interest rate risk limits are approved by the ALCO.

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

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

### Currency Risk

The company is exposed to currency risk arising due to external commercial borrowings. The foreign currency loan in form of external commercial borrowing (ECB) raised by the Company are fully hedged basis.

The hedging policy as approved by the Asset Liability Committee (ALCO) prescribes the hedging of the risk associated with change in the interest rates and fluctuation of foreign exchange rates. The currency risk and interest rate risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts, interest rate swaps. Counter party risk is reviewed periodically in terms of exposure to various counter parties.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed. All hedges entered into by the Company are cash flow hedges.

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

### Equity price risk

The Company has carried investment in equity at fair value through the statement of profit and loss account and does not expect any incremental impact due to COVID-19 outbreak.

## Liquidity risk

A risk that the Company will encounter difficulty in meeting its day to day financial obligations is known as liquidity risk.

Management of liquidity risk is done as follows:

- 1) ALCO sets the strategy for managing liquidity risk commensurate with the business objectives;
- 2) ALCO has delegated the responsibility of managing overall liquidity risk and interest rate risk to Treasury. ALCO has delegated the responsibility of managing overall liquidity and interest rate risk to Treasury. ALCO has set various gap limits for tracking liquidity risk. The market risk function monitors such gaps at regular intervals.
- 3) Treasury department manages the liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Company. Treasury team ensures the regulatory compliance to the liquidity risk related limits approved in the ALM policy by ALCO.
- 4) The Company's approach to managing liquidity is to ensure sufficient liquidity to meet its liabilities when they are due without incurring unacceptable losses or risking damage to the Company's reputation.
- 5) The company has been maintaining the Liquidity coverage ratio since 1<sup>st</sup> Dec 2020 as per RBI circular dated 4<sup>th</sup> Nov 2019 circular no RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20.

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

- 1) Maintaining a diversified funding through market and bank borrowings resources such as debentures, commercial papers, subordinated debt, perpetual debt, Inter-corporate deposits (ICD's), overdraft and bank term loans. Unused bank lines constitute the main liquidity back up to meet the contingency funding plan. Additionally, based on Market scenario, the company also maintains a portfolio of highly liquid mutual fund units.
- 2) Under the ALM guidelines, the dynamic liquidity statement and structural liquidity statement are being prepared on monthly basis to monitor the maturity gaps in the Assets and Liabilities cash flows. We monitor the behavioural characteristics of the Company's financial assets and financial liabilities while preparing the structural liquidity statement.
- 3) The company carries out stress testing of cash flows on periodic basis and shares the results with ALCO to gauge the adequacy of liquidity.

A long-drawn nation-wide lockdown necessitated by the outbreak of COVID-19 pandemic, has increased liquidity risk across the economy to a large extent.

In order to address this risk and to seamlessly carry out treasury activities, the Company took following key actions amongst other administrative actions as on March 31, 2021 and up to the date of the adoption of the financial statements:

The company has honoured all its debt obligations on time. Based on liquidity risk assessment, cash-flows mismatches are within the stipulated regulatory limits. The company has been successful in maintaining the adequate liquidity by raising fresh/renewal of bank lines, regular access to capital market and financial institution under the various scheme promulgated by RBI to raise medium to long term funds.

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

### **c) Operational Risk**

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

Management of operational risk forms an integral part of TATA Capital's enterprise wide risk management systems. The organisation thrives towards incremental improvements to its operational risk management framework to address the dynamic industry landscape. Clear strategies and oversight by the Board of Directors and senior management, a strong operational risk management culture, effective internal control and reporting and contingency planning are crucial elements of TATA Capital's operational risk management framework.

The operational risk team monitors and reports key risk indicators ("KRI") and KRI exceptions. Suitable risk mitigation actions are taken wherever required to curtail the potential risk at the acceptable levels.

ORMC meets periodically to review the operational risk profile of the organization and oversee the implementation of the risk management framework and policies.

FRMC meets periodically to review matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

Tata Capital has a Business Continuity Planning "BCP" framework in place, to ensure uninterrupted business operations in case any disruptive event occurs. The company immediately activated its Business Continuity Plan (BCP) during this time of COVID

19 pandemic. TCL continues to seamlessly carry out normal operations hence addressing the risk associated with occurrence of the pandemic.

TATA Capital has an IT Disaster Recovery Planning “IT-DRP” which provides the technology framework to continue day-to-day operations using secondary/back-up systems when primary system fails. It also protects the organisation against loss of computer based data and information.

### ***Cyber Security Risk***

Various measures are adopted to effectively protect the company against phishing, social media threats and rogue mobile. During COVID-19 pandemic TCL ensured seamless accessibility of critical systems through virtual private network (VPN), thereby minimizing the risk of security/data breaches and cyber-attacks.

Tata Capital has adopted “Framework for Improving Critical Infrastructure Cyber Security” published by the National Institute of Standards & Technology (NIST) and complies with regulatory guidelines.

### **d) Regulatory and Compliance Risk**

Regulatory compliances are handled by Finance team, Treasury and Business teams in consultation with Group Compliance team. Statutory compliances are handled by Group Secretarial team, Administrative and people process related compliances are handled by Administration & HR departments.

Additionally, Risk team coordinates for Special Mention Accounts (SMA) and Fraud reporting in line with regulatory guidelines.

As per regulatory requirements, required policies are adopted, modified and rolled from time to time. Compliance to the defined policies is strictly adhered to.



# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 37. Operating segments -Basis for segmentation

See accounting policy in Note 2(xvi)

In accordance with Ind AS 108 on Segment Reporting, the Company has identified three business segments i.e. Financing Activity, Investment Activity and Others, and one Geographical Segment viz. India, as secondary segment. These divisions offer different products and services, and are managed separately based on the Company's management.

Reportable segments	Operations
Financing activity	Loans for retail and corporate borrowers. Products offered include asset financing, term loans (corporate and retail), channel financing, credit substitutes, investments linked to/arising out of lending business, bill and invoice discounting
Investment activity	Corporate investments
Others	advisory services, wealth management, distribution of financial products and leasing

The Board of Directors review the performance of each division on a quarterly basis

a. Operating segment disclosures are consistent with the information reviewed by the chief operating decision maker (CODM). The basis of measurement of segment information is consistent with the basis of preparation of financial statements. The reconciling items are limited to items that are not allocated to reportable segments, as opposed to a difference in the basis of preparation of the information.

b. When two or more operating segments are aggregated into a single operating segment, the judgements made in applying the aggregation criteria are disclosed by the company. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 37. Operating segments - Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax, as included in internal management reports reviewed by the Board of Director's, is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same type of business. Inter-segment pricing is determined on an arm's length basis.

(Rs. in lakh)		
Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
<b>Segment Revenue</b>		
a) Financing Activity	5,34,166	5,58,985
b) Investment Activity	20,299	590
c) Others	42,291	46,621
<b>Total</b>	<b>5,96,756</b>	<b>6,06,196</b>
Less : Inter Segment Revenue	-	-
Add : Interest on Income Tax Refund	2,410	-
<b>Total Income</b>	<b>5,99,166</b>	<b>6,06,196</b>
<b>Segment Results</b>		
a) Financing Activity	68,904	63,656
b) Investment Activity	20,299	(9,753)
c) Others	6,913	7,639
<b>Total</b>	<b>96,116</b>	<b>61,542</b>
Less : Unallocated Corporate Expenses	13,612	16,292
<b>Profit before taxation</b>	<b>82,504</b>	<b>45,250</b>
Less : Provision for taxation	14,805	33,889
<b>Profit after taxation</b>	<b>67,699</b>	<b>11,361</b>

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Segment Assets</b>		
a) Financing Activity	44,40,536	44,70,240
b) Investment Activity	1,30,942	19,225
c) Others	77,340	1,06,028
d) Unallocated	92,298	86,743
<b>Total</b>	<b>47,41,116</b>	<b>46,82,236</b>
<b>Segment Liabilities</b>		
a) Financing Activity	39,62,593	39,44,096
b) Investment Activity	-	-
c) Others	67,016	97,280
d) Unallocated	37,973	19,524
<b>Total</b>	<b>40,67,582</b>	<b>40,60,900</b>

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
<b>Capital Expenditure (Including Capital Work-In-Progress)</b>		
a) Financing Activity	-	-
b) Investment Activity	-	-
c) Others	3,631	19,749
d) Unallocated	1,893	2,095
<b>Total</b>	<b>5,524</b>	<b>21,844</b>
<b>Depreciation and Amortisation</b>		
a) Financing Activity	3,587	3,405
b) Investment Activity	-	-
c) Others	26,148	31,461
d) Unallocated	2,239	2,312
<b>Total</b>	<b>31,974</b>	<b>37,178</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 38. 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, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>	<b>21,88,763</b>	<b>23,90,650</b>	<b>45,79,414</b>	<b>18,71,103</b>	<b>26,23,161</b>	<b>44,94,264</b>
Cash and cash equivalents	1,00,316	-	1,00,316	1,58,466	-	1,58,466
Bank Balance other than (a) above	109	-	109	72	-	72
Trade Receivables	1,962	-	1,962	4,060	-	4,060
Loans	19,20,110	23,63,718	42,83,828	16,70,541	25,91,916	42,62,457
Investments	1,10,403	20,503	1,30,906	50	18,963	19,013
Other financial assets	55,863	6,429	62,293	37,775	6,747	44,522
Derivative assets	-	-	-	139	5,535	5,674
<b>Non-financial Assets</b>	<b>13,157</b>	<b>1,48,546</b>	<b>1,61,703</b>	<b>14,616</b>	<b>1,73,356</b>	<b>1,87,972</b>
Current tax asset	-	11,551	11,551	-	12,703	12,703
Deferred tax Assets (Net)	-	56,698	56,698	-	50,788	50,788
Property, Plant and Equipment	11,428	56,104	67,532	13,048	71,873	84,921
Capital work-in-progress	-	-	-	-	52	52
Intangible assets under development	-	633	633	-	108	108
Other Intangible assets	-	2,018	2,018	-	2,036	2,036
Right of use assets	-	7,294	7,294	-	8,739	8,739
Other non-financial assets	1,729	14,248	15,977	1,568	27,057	28,625
<b>Total Assets</b>	<b>22,01,920</b>	<b>25,39,196</b>	<b>47,41,117</b>	<b>18,85,719</b>	<b>27,96,517</b>	<b>46,82,236</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>	<b>18,54,834</b>	<b>21,82,932</b>	<b>40,37,766</b>	<b>18,46,829</b>	<b>21,97,173</b>	<b>40,44,002</b>
Trade Payables	63,688	-	63,688	46,072	-	46,072
Debt Securities	7,82,160	12,22,893	20,05,053	8,36,852	10,61,998	18,98,850
Borrowings (Other than debt securities)	9,44,140	5,49,392	14,93,532	9,12,210	7,83,946	16,96,156
Deposits	-	-	-	-	-	-
Subordinated liabilities	12,052	3,43,480	3,55,532	11,263	2,95,667	3,06,930
Lease liability	2,590	5,502	8,092	-	9,427	9,427
Other financial liabilities	47,100	46,547	93,647	39,476	43,710	83,186
Derivative financial instruments	3,102	15,120	18,222	956	2,425	3,381
<b>Non-Financial Liabilities</b>	<b>22,859</b>	<b>6,958</b>	<b>29,817</b>	<b>11,250</b>	<b>5,648</b>	<b>16,898</b>
Current tax liability	20,316	-	20,316	7,744	-	7,744
Provisions	2,543	-	2,543	3,506	-	3,506
Other non-financial liabilities	-	6,958	6,958	-	5,648	5,648
<b>Liability and disposal groups held for sale</b>						
<b>Total liabilities</b>	<b>18,77,693</b>	<b>21,89,890</b>	<b>40,67,583</b>	<b>18,58,079</b>	<b>22,02,821</b>	<b>40,60,900</b>
<b>Net</b>	<b>3,24,227</b>	<b>3,49,305</b>	<b>6,73,534</b>	<b>27,640</b>	<b>5,93,695</b>	<b>6,21,336</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 39. Impact of transition to Ind AS 116:

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

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

#### (I). Right-of-use assets

Right-of-use assets relate to building that are presented separately within property and equipment

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	8,739	10,917
Additions during the period	2,032	861
Deletion during the period	(279)	(200)
Depreciation charge for the period	(3,198)	(2,839)
<b>Closing balance</b>	<b>7,294</b>	<b>8,739</b>

#### (II). Movement of Lease liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	9,427	10,846
Additions during the period	1,766	1,008
Deletion during the period	(517)	(89)
Finance cost	806	916
Payment of lease liabilities	(3,389)	(3,255)
<b>Closing balance</b>	<b>8,092</b>	<b>9,427</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one month	270	-
Between one and three months	532	756
Between three months and one year	2,376	2,225
Between one and five years	5,574	7,815
More than five years	775	635
<b>Total</b>	<b>9,527</b>	<b>11,431</b>

### (IV). Amounts recognized in the Statement of Profit and Loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on lease liabilities	(806)	(916)
Depreciation of ROU lease asset	(3,198)	(2,839)
Gain/(loss) on termination of leases	93	31
Rent concession related to COVID-19	177	-

### (V). Amounts recognised In statement of cash flows

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Total cash outflow for leases	3,389	3,255

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

2 On July 24, 2020, the Ministry of Corporate Affairs ('MCA') issued a notification for the Companies (Indian Accounting Standards) Amendment Rules, 2020 ('Rules'), amendments related to IndAS 116 provide relief for lessees in accounting for rent concessions granted as a direct consequence of Covid-19.

The amendments introduce an optional practical expedient that exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.

Pursuant to amendment, the Company has elected to apply for practical expedient and not to account for COVID-19 related rent concession as lease modification.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 40. Revenue from contracts with customers

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

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>i. Type of service</b>		
- Fee and commission income	9,132	10,756
- Branch advertisement income	40	1,020
- Income from distribution of financial products	4,712	5,491
<b>Total</b>	<b>13,884</b>	<b>17,267</b>
<b>ii. Primary geographical market:</b>		
- Outside India	-	-
- India	13,884	17,267
<b>Total revenue from contracts with customers</b>	<b>13,884</b>	<b>17,267</b>
<b>iii. Timing of revenue recognition</b>		
- at a point in time upon rendering services	13,454	16,977
- over period of time upon rendering services	430	290
<b>Total</b>	<b>13,884</b>	<b>17,267</b>
<b>iv. Trade receivables towards contracts with customers</b>		
- Opening Balance	1,585	1,271
- Closing Balance	1,213	1,585
<b>v. Impairment on trade receivables towards contracts with customers</b>	0	(246)

The unbilled revenue of Rs. 669 lakh as at March 31, 2021 (as at March 31, 2020 : Rs. 732 lakh) has been considered as Contract assets, which are billable on completion of milestones specified in the contracts.

As on March 2021/2020, the Company doesn't have any unsatisfied/partially satisfied performance obligation.

(b) Reconciliation between revenue as per IndAS 108 Segment Reporting and revenue as per IndAS 115 Revenue from contract with customers

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue reported as per IndAS 108 Segment Reporting	5,99,166	6,06,195
<i>Less:</i>		
(a) Revenue reported as per IndAS 109-Financial Instruments	5,44,301	5,48,378
(b) Revenue reported as per IndAS 116-Leases	38,083	39,879
(c) Revenue reported as per IndAS 28-Investments in Associates and Joint Ventures	534	-
(d) Revenue reported as per IndAS 16-Property, Plant and Equipment	(46)	671
(e) Revenue reported as per IndAS 12-Income Taxes	2,410	-
<b>Revenue reported as per IndAS 115 Revenue from contract with customers</b>	<b>13,884</b>	<b>17,267</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 41. Share based payment

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

#### A. Description of share based payments:

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019	ESOP 2020
i. Vesting requirements	1/3rd at the end of each 12, 24 and 36 months from the date of grant	100% at the end of 12 months from the date of grant	20% at the end of each 12 and 24 months and 30% at the end of each 36 and 48 months from the date of grant	20% at the end of each 12 and 24 months and 30% at the end of each 36 and 48 months from the date of grant	20% at the end of each 12 and 20 months and 30% at the end of each 32 and 44 months from the date of grant
ii. Maximum term of option	6 years	2 years	7 years	7 years	7 years
iii. Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled
iv. Modifications to share based payment plans	N.A.	N.A.	N.A.	N.A.	N.A.
iv. Any other details as disclosed in the audited Ind AS financial statements	N.A.	N.A.	N.A.	N.A.	N.A.

#### B. Summary of share based payments

March 31, 2021

Particulars	ESOP 2018	ESOP 2019	ESOP 2020	Total
<b>Outstanding balance at the beginning of the period</b>	<b>23,30,000</b>	<b>22,25,000</b>	-	<b>45,55,000</b>
Options granted	-	-	20,32,500	<b>20,32,500</b>
Options forfeited	7,60,000	6,50,000	-	<b>14,10,000</b>
Options exercised	15,000	-	-	<b>15,000</b>
Options expired	-	-	-	-
Options lapsed	-	-	-	-
<b>Options outstanding at the end of the period</b>	<b>15,55,000</b>	<b>15,75,000</b>	<b>20,32,500</b>	<b>51,62,500</b>
Options exercisable at the end of the period	6,22,000	3,15,000	-	<b>9,37,000</b>
<b>For share options exercised:</b>				
Weighted average exercise price at date of exercise				50.60
Money realized by exercise of options (in actual rupees)				7,59,000
<b>For share options outstanding</b>				
Range of exercise prices	50.60	51.00	40.30	
Average remaining contractual life of options	4.50	5.34	6.34	5.48
<b>Modification of plans</b>	N.A.	N.A.	N.A.	
<b>Incremental fair value on modification</b>	N.A.	N.A.	N.A.	

**March 31, 2020**

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019	Total
<b>Outstanding balance at the beginning of the period</b>	<b>2,92,776</b>	<b>46,36,806</b>	<b>26,05,000</b>	-	<b>75,34,582</b>
Options granted	-	-	-	22,25,000	22,25,000
Options forfeited	-	-	2,75,000	-	2,75,000
Options exercised	1,07,987	6,06,500	-	-	7,14,487
Options expired	1,84,789	40,30,306	-	-	42,15,095
Options lapsed	-	-	-	-	-
<b>Options outstanding at the end of the period</b>	-	-	<b>23,30,000</b>	<b>22,25,000</b>	<b>45,55,000</b>
Options exercisable at the end of the period	-	-	23,30,000	22,25,000	45,55,000
<b>For share options exercised:</b>					
Weighted average exercise price at date of exercise					32.13
Money realized by exercise of options (in actual rupees)					2,29,56,775
<b>For share options outstanding</b>					
Range of exercise prices	25.00	33.40	50.60	51.00	
Average remaining contractual life of options	-	-	5.50	6.34	5.91
<b>Modification of plans</b>	N.A.	N.A.	N.A.	N.A.	
<b>Incremental fair value on modification</b>	N.A.	N.A.	N.A.	N.A.	



**C. Valuation of stock options**

Particulars	ESOP 2013	ESOP 2017	ESOP 2018	ESOP 2019	ESOP 2020
Share price:	25.00	33.40	50.60	51.00	40.30
Exercise Price:	25.00	33.40	50.60	51.00	40.30
Fair value of option:	8.60	8.40	23.34	23.02	17.07
Valuation model used:	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation
Expected Volatility:	0.37	0.35	0.38	0.41	0.42
Basis of determination of expected volatility:	Average historical volatility over 3 years of comparable companies	Average historical volatility over 2 years of comparable companies	Average historical volatility over 4.85 years of comparable companies	Average historical volatility over 4.85 years of comparable companies	Historical volatility of equity shares of comparable companies over the period ended December 15, 2020 based on the life of options
Contractual Option Life (years):	3.00	2.00	7.00	7.00	7.00
Expected dividends:	0.00	0.00	0.00	0.00	0.00
Risk free interest rate:	8.00%	6.57%	8.04%	6.28%	5.22%
Vesting Dates	33.33% vesting on July 29, 2014 66.67% vesting on July 29, 2015 100% vesting on July 29, 2016	100% vesting on April 2, 2018	20% vesting on September 30, 2019 40% vesting on September 30, 2020 70% vesting on September 30, 2021 100% vesting on September 30, 2022	20% vesting on August 01, 2020 40% vesting on August 01, 2021 70% vesting on August 01, 2022 100% vesting on August 01, 2023	20% vesting on December 14, 2021 40% vesting on July 31, 2022 70% vesting on July 31, 2023 100% vesting on July 31, 2024
Valuation of incremental fair value on modification	N.A.	N.A.	N.A.	N.A.	N.A.

**D) Options granted and inputs used for measurement of fair value of options, for the key managerial employees and other senior employees**
**As at March 31, 2021**

Name of Scheme	Mr. Sarosh Kersi Amaria*		Mr. Jaykumar Deepak Shah **		Ms. Sonali Puneekar#		Mr. Kusal Roy		Ms. Avan Doomasia	
	Granted	Exercised	Granted	Exercised	Granted	Exercised	Granted	Exercised	Granted	Exercised
ESPS 2009	1,23,250	1,23,250	5,014	5,014	-	-	-	-	80,615	80,615
ESPS 2011	-	-	-	-	-	-	-	-	-	-
ESOP 2011	80,000	80,000	-	-	-	-	-	-	60,000	60,000
PS 2013	13,286	13,286	541	541	-	-	-	-	8,690	8,690
ESPS 2013	-	-	-	-	-	-	-	-	-	-
ESOP 2013	-	-	20,000	20,000	-	-	-	-	-	-
ESOP 2016	10,000	10,000	10,000	10,000	-	-	-	-	10,000	10,000
ESOP 2017	10,000	10,000	10,000	10,000	-	-	-	-	10,000	10,000
ESOP 2018	4,00,000	-	-	-	-	-	6,00,000	-	1,25,000	-
ESOP 2019	4,00,000	-	-	-	-	-	6,00,000	-	1,00,000	-
ESOP 2020	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,36,536</b>	<b>2,36,536</b>	<b>45,555</b>	<b>45,555</b>	<b>-</b>	<b>-</b>	<b>12,00,000</b>	<b>-</b>	<b>3,94,305</b>	<b>1,69,305</b>

\* Mr. Kusal Roy ceased to be a KMP w.e.f. May 04, 2020 and Mr. Sarosh Amaria was appointed as KMP w.e.f. May 05, 2020.

\*\* Mr. Jaykumar Shah was appointed as KMP w.e.f. August 14, 2020.

# Ms. Avan Doomasia ceased to be a KMP w.e.f. November 30, 2020 and Ms. Sonali Puneekar was appointed as KMP w.e.f. December 01, 2020.

**As at March 31, 2020**

Name of Scheme	Mr. Kusal Roy		Mr. Puneet Sharma*		Ms. Avan Doomasia	
	Granted	Exercised	Granted	Exercised	Granted	Exercised
ESPS 2009	-	-	1,31,838	1,31,838	80,615	80,615
ESPS 2011	-	-	-	-	-	-
ESOP 2011	-	-	80,000	80,000	60,000	60,000
PS 2013	-	-	14,212	14,212	8,690	8,690
ESPS 2013	-	-	-	-	-	-
ESOP 2013	-	-	-	-	-	-
ESOP 2016	-	-	10,000	10,000	10,000	10,000
ESOP 2017	-	-	10,000	10,000	10,000	10,000
ESOP 2018	6,00,000	-	4,00,000	78,950	1,25,000	-
ESOP 2019	6,00,000	-	4,00,000	-	1,00,000	-
<b>Total</b>	<b>12,00,000</b>	<b>-</b>	<b>10,46,050</b>	<b>3,25,000</b>	<b>3,94,305</b>	<b>1,69,305</b>

\* Mr. Puneet Sharma ceased to be a KMP w.e.f. February 16, 2020.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 42. Contingent Liabilities and Commitments:

(i) Contingent Liabilities :-

Claims not acknowledged by the Company relating to cases contested by the Company and which are not likely to be devolved on the Company relating to the following areas :

Particulars	(Rs. in lakh)	
	As at March 31, 2021	As at March 31, 2020
Income Tax (Pending before Appellate authorities)	3,965	4,669
VAT (Pending before Appellate authorities)	675	331
Suits filed against the Company	645	38

As at March 31, 2021, claims against the Company not acknowledged as debts in respect of income tax matters amounted to Rs. 3,965 lakhs. These claims against the Company are arising on account of multiple issues of disallowances on completion of assessment proceedings under the Income-tax Act, 1961, such as disallowance of expenditure incurred in relation to income not includible in total income u/s 14A of the Income Tax Act, 1961 and disallowance of interest expenditure on perpetual NCDs. These matters are pending before various appellate authorities and the Management expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position. Hence, the Company has not recognized these uncertain tax positions in its books.

(ii) Commitments :-

(a) Undrawn Commitment given to Borrowers

As on March 31, 2021 Rs. 410,240 lakh (Year ended March, 31, 2020 : Rs. 376,721 lakh)

Less than 1 Year: Rs. 300,033 lakh (Year ended March, 31, 2020 : Rs. 305,140 lakh)

More than 1 Year: Rs. 110,207 lakh (Year ended March, 31, 2020 : Rs. 71,581 lakh)

(b) Letter of Credit, Buyers Credit and Other Guarantees Rs. 830 lakh (Year ended March, 31, 2020 : Rs. 7,957 lakh)

(c) Leases entered but not executed Rs. 84,421 lakh (Year ended March, 31, 2020 : Rs. 60,842 lakh)

(d) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1,174 lakh (as at March 31, 2020: Rs. 837 lakh).

- Tangible: Rs. 95 lakh (Year ended March, 31, 2020 : Rs. 327 lakh)

- Intangible: Rs. 1,079 lakh (Year ended March, 31, 2020 : Rs. 510 lakh)

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

- 43 The Company has given assets under non-cancellable operating leases. The total of future minimum lease payments that the company is committed to receive is:

Lease Payments	As at	As at
	March 31, 2021	March 31, 2020
- Within one year	28,842	31,572
- Later than one year and not later than five years	39,900	50,586
- Later than five years	1,659	1,772

Accumulated Depreciation on lease assets is Rs. 80,760 lakh (Year ended March, 31, 2020: Rs. 66,762 lakh).

Accumulated Impairment losses on the leased assets Rs. Nil (Year ended March, 31, 2020 Rs. Nil)

### 44. Earnings per Share (EPS):

Particulars		2020-21	2019-20
Profit after tax	Rs. in lakh	67,699	11,361
Add: Preference dividend on Compulsorily Convertible Cumulative Preference shares (including dividend distribution tax)	Rs. in lakh	-	3,255
Profit after tax attributable to parent company	Rs. in lakh	67,699	14,616
Weighted average number of Equity Shares used in computing earnings per share	Nos.	1,62,99,31,981	1,49,00,38,929
Add: Potential weighted average number of Equity shares that could arise on conversion of preference shares	Nos.	-	11,17,06,362
Add: Potential weighted average number of Equity shares allotted to ESOP Trust	Nos.	Nil	Nil
Weighted average number of equity shares in computing Basic / Diluted earnings per share	Nos.	1,62,99,31,981	1,60,17,45,291
Face value of equity shares	Rupees	10	10
<b>Earnings per share (Basic and Diluted)</b>	Rupees	4.15	0.91

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

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Opening Balance	75,371	58,496
Add : Additions during the year (net)	8,767	16,875
Less : Utilised during the year	-	-
Closing Balance	84,138	75,371

### 46. Movement in other provisions during the year is as under:

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Opening Balance	1,915	1,529
Add : Additions during the year (net)	(420)	386
Closing Balance	1,495	1,915

### 47. Capital to Risk Assets Ratio (CRAR)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
CRAR (%)	20.29%	18.86%
CRAR – Tier I Capital (%)	14.69%	13.45%
CRAR – Tier II Capital (%)	5.61%	5.41%
Amount of subordinated debt raised as Tier-II Capital	47,408	56,292
Amount raised by issue of Perpetual Debt Instruments	17,500	-

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 48. Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities.

As on March 31, 2021

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market Borrowings	Foreign Currency Borrowings	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	53,841	30,144	-	2,71,334	1,10,403	-
Over One months to 2 months	1,62,083	27,100	-	2,64,802	-	-
Over 2 months upto 3 months	1,13,292	97,800	-	3,58,763	-	-
Over 3 months to 6 months	2,02,295	3,85,018	-	3,69,877	-	-
Over 6 months to 1 year	2,97,128	3,69,653	-	6,55,334	-	-
Over 1 year to 3 years	3,01,356	8,29,247	2,10,536	13,99,931	1,602	-
Over 3 years to 5 years	37,500	2,22,023	-	3,21,898	-	-
Over 5 years	-	5,15,102	-	6,41,889	18,901	-
<b>Total</b>	<b>11,67,494</b>	<b>24,76,087</b>	<b>2,10,536</b>	<b>42,83,828</b>	<b>1,30,906</b>	<b>-</b>

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

As on March 31, 2020

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market Borrowings	Foreign Currency Borrowings	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	1,04,795	58,222	-	78,477	-	-
Over One months to 2 months	1,93,416	1,95,500	-	1,26,193	50	-
Over 2 months upto 3 months	1,16,643	2,95,508	-	1,17,115	-	-
Over 3 months to 6 months	1,65,030	1,44,160	-	4,44,369	-	-
Over 6 months to 1 year	2,53,656	2,33,353	-	9,04,387	-	-
Over 1 year to 3 years	5,28,368	5,33,343	1,71,584	15,58,796	1,547	-
Over 3 years to 5 years	54,036	3,43,913	-	4,40,515	-	-
Over 5 years	-	5,10,409	-	5,92,605	17,416	-
<b>Total</b>	<b>14,15,944</b>	<b>23,14,408</b>	<b>1,71,584</b>	<b>42,62,457</b>	<b>19,013</b>	<b>-</b>

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

49. Loans and advances - Financing Activity (Secured) include Rs.433 lakh (Year ended March, 31, 2020 : Rs. 433 lakh) being the value of the unquoted preference shares acquired in satisfaction of the respective loans under the Settlement Agreement. As on March 31, 2021, the Company is in possession of non current assets held for sale (NCAHS) carrying value Nil lakh (gross carrying value Rs, 3,056 lakh (Previous year : Rs. 4,433 lakh) and provision towards the same Rs. 3,056 lakh (Previous year : 4,433 lakh)) (Previous year : Nil lakh). Investments include Rs. 2,079 lakh (Year ended March, 31, 2020 : Rs. 482 lakh) being the value of the unquoted equity shares Rs. 2,071 lakh (Previous year : Rs. 482 lakh) and quoted equity shares Rs. 8 lakh (Previous year : Nil) acquired in satisfaction of the respective loans under the Settlement Agreement.
50. The company has earned commission from non-life insurance companies amounting to Rs. 525 lakh (Year ended March, 31, 2020 : Rs. 1,811 lakh) and from life insurance companies amounting to Rs. 445 lakh (Year ended March, 31, 2020 : Rs. 219 lakh)
51. The value of a unhedged foreign currency transaction for purchase of Operating Lease asset as on March 31, 2021 is Nil (Year ended March, 31, 2020 : Rs Nil). The value of a unhedged foreign currency transaction for Letter of Credit and Buyers Credit as on March 31, 2021 is 2,551 lakh (Year ended March, 31, 2020 : Rs 700 lakh)
52. The company has reported frauds aggregating Rs. 3,435 lakh (Year ended March, 31, 2020 : Rs. 25,815 lakh) based on management reporting to risk committee and to the RBI through prescribed returns.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 53. Disclosure of details as required by Revised Para 18 of the Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, earlier Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007. -

#### Liabilities Side:

(Rs. in lakh)

Particulars	Amount Outstanding		Amount Overdue	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not due			
a) Debentures:				
(other than those falling within the meaning of public deposit)				
- Secured	16,40,986	14,83,920	-	-
- Unsecured	4,11,016	3,40,608	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	10,12,067	12,03,297	-	-
d) Inter-corporate loans and borrowing	1,15,502	58,627	-	-
e) Commercial Paper	3,08,583	3,81,252	-	-
f) Other loans (Compulsorily Convertible Cumulative Preference share)	-	-	-	-
g) Loan from Bank	-	-	-	-
- Working Capital Demand Loan	3,35,754	4,11,200	-	-
- Overdraft	30,209	23,032	-	-

#### Assets side:

(Rs. in lakh)

Particulars	Amount Outstanding	
	2020-21	2019-20
2) Break up of loans and advances including bills receivables *		
(other than those included in (3) below)		
- Secured (Gross)	15,22,195	14,52,993
- Unsecured (Gross)	18,74,336	19,39,403
3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
a) Lease assets including lease rentals under sundry debtors:		
- Financial Lease	92,404	77,907
- Operating Lease	61,270	77,120
b) Stock on hire including hire charges under sundry debtors		
- Assets on hire	111	165
- Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
- Loans where assets have been repossessed	-	-
- Other loans	9,83,318	9,58,592

\* Breakup of loans and advances does not include unamortised loan sourcing costs amounting to Rs. 8,004 lakh (Previous year : Rs. 13,412 lakh) and revenue received in advance Rs. 19,522 lakh (Previous year : Rs. 23,656 lakh) .

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### Assets side: (Continued)

(Rs. in lakh)

Particulars	Amount Outstanding	
	2020-21	2019-20
4) Break up of Investments		
Current Investments:		
a) <b>Quoted:</b>		
- Shares: Equity	2,071	482
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	-	-
- Others	-	-
b) <b>Unquoted:</b>		
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	-	-
- Others (Pass through certificate)	-	-
Long-Term Investments:		
a) <b>Quoted:</b>		
- Shares: Equity	8,909	8,560
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	50
- Government Securities	21,348	-
- Others Treasury bills	89,056	-
b) <b>Unquoted:</b>		
- Shares: Equity	7,831	7,955
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	1,602	1,547
- Government Securities	-	-
- Others (Security receipts and Treasury Bills)	90	419

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

(Rs. in lakh)

Particulars	Secured		Unsecured		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
a) Related parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	9,567	5,418	20,090	26,626	29,657	32,044
(iii) Other related parties	15,805	10,450	16,400	18,112	32,205	28,562
b) Other than related parties	25,72,656	24,73,789	18,37,846	18,94,665	44,10,502	43,68,454
<b>TOTAL</b>	<b>25,98,028</b>	<b>24,89,657</b>	<b>18,74,336</b>	<b>19,39,403</b>	<b>44,72,364</b>	<b>44,29,060</b>

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### Assets side: (Continued)

6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

(Rs. in lakh)

Particulars	Market Value/Break up or fair value or NAV		Book Value (Net of Provisions)	
	2020-21	2019-20	2020-21	2019-20
a) Related parties				
i) Subsidiaries	-	-	-	-
ii) Companies in the same group	-	-	-	-
iii) Other related Parties	4,142	4,599	4,142	4,599
b) Other than related parties	1,26,764	14,414	1,26,764	14,414
<b>TOTAL</b>	<b>1,30,906</b>	<b>19,013</b>	<b>1,30,906</b>	<b>19,013</b>

a) Companies in the same group have been considered to mean companies under the same management as per Section 370(1B) of the Companies Act, 1956.

7) Other Information

(Rs. in lakh)

Particulars	2020-21	2019-20
a) Gross Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	1,32,917	1,05,791
b) Net Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	38,840	23,077
c) Assets acquired in satisfaction of debt	433	1,812

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 54. 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
Holding Company	Tata Capital Limited
Fellow Subsidiaries (with which the company had transactions)	Tata Capital Housing Finance Limited Tata Cleantech Capital Limited Tata Securities Limited Tata Capital Advisors Pte. Limited Tata Capital General Partners LLP Tata Capital Growth II General Partners LLP Tata Capital Healthcare General Partners LLP TATA Capital Healthcare II General Partners LLP Tata Capital Plc Tata Capital Pte. Limited Tata Opportunities General Partners LLP
Associates and Fellow Associates (with which the company had transactions)	TVS Supply Chain Solutions Limited Shriram Properties Limited Fincare Business Services Limited Fincare Small Finance Bank Limited Tata Autocomp Systems Limited Tata Projects Limited Tata Technologies Limited Tema India Limited
Post Employment Benefit Plan	Tata Capital Limited Gratuity Scheme Tata Capital Limited Employees Provident Fund Tata Capital Limited Superannuation Scheme TCL Employee Welfare Trust
Key Management Personnel	Mr. Rajiv Sabharwal - (Non-Executive Director and Chairman) Mr. Sarosh Amaria (Managing Director) (w.e.f 05.05.2019) Mr. F.N. Subedar - (Non-Executive Director) Ms. Anuradha E. Thakur - (Independent Director) Ms. Varsha Purandare - (Independent Director) (w.e.f 01.04.2019) Mr. Jaykumar Shah (Chief Financial Officer) (w.e.f 14.08.2019) Ms. Sonali Puneekar (Company Secretary) (w.e.f 01.12.2020) Mr. Mukund S. Dharmadhikari - (Independent Director) (resigned w.e.f 27.01.2020) Mr. Puneet Sharma - (Chief Financial Officer) (resigned w.e.f 16.02.2020) Mr. Kusal Roy (Managing Director) (resigned w.e.f 04.05.2020) Ms. Avan Doomasia (Company Secretary) (resigned w.e.f 30.11.2020)



**54. 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:**

<p>Subsidiaries, Associates and Joint Venture of ultimate holding company (with which the company had transactions)</p>	<p>Automotive Stampings and Assemblies Limited  Infiniti Retail Limited  Niskalp Infrastructure Services Limited (formerly Niskalp Energy Limited)  TATA Advanced Materials Limited  Tata Advanced Systems Limited  Tata AIG General Insurance Company Limited  Tata Asset Management Limited  Tata Communications Collaboration Services Private Limited  Tata Communications Limited  Tata Communications Payment Solutions Limited  Tata Communications Transformation Services Limited  Tata Consultancy Services Limited  Tata Consulting Engineers Limited  Tata Industries Limited  Tata International Limited  Tata Teleservices (Maharashtra) Limited  Tata Teleservices Limited  Panatone Finvest Limited  Conneqt Business Solutions Limited (formerly Tata Business Support Services Limited)</p> <p>Tata Consumer Products Limited (formerly Tata Global Beverages Limited)  Tata Motors Limited  The Associated Building Company Limited  The Indian Hotels Company Limited  The Tata Power Company Limited  Titan Company Limited  Trent Limited  Voltas Limited  Coastal Gujarat Power Limited  TML Business Services Limited (formerly Concorde Motors (India) Limited)  Fiora Hypermarket Limited  Indian Steel &amp; Wire Products Ltd.  Maithon Power Limited  Nelco Limited  Piem Hotels Limited  Tata Metaliks Ltd.  Tata Motors Finance Limited  Tata Power Delhi Distribution Limited  Tata Power Solar Systems Limited  Tata Power Trading Company Limited  Tata Steel Utilities and Infrastructure Services Limited (formerly Jamshedpur Utilities &amp; Services Company Limited)  Tayo Rolls Limited  TP Ajmer Distribution Limited  United Hotels Limited  Air International TTR Thermal Systems Private Limited  AirAsia (India) Limited  Mikado Realtors Private Limited  Tata AIA Life Insurance Company Limited  Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited)  Tata Boeing Aerospace Limited (formerly Tata Aerospace Limited)  Tata International DLT Private Limited  Tata Lockheed Martin Aerostructures Limited  Tata Precision Industries (India) Limited  Tata Sikorsky Aerospace Limited (formerly Tara Aerospace Systems Limited)  Tata Toyo Radiator Limited  Tata Sky Broadband Private Limited (formerly Quickest Broadband Private Limited)  Sir Dorabji Tata Trust  Sir Ratan Tata Trust  Calsea Footwear Private Limited  Smart Value Homes (Peenya Project) Private Limited (formerly Smart Value Homes (Boisar Project) Private Limited)  Tata Steel Limited  Tata Elxsi Limited  Tata Ficosa Automotive Systems Private Limited (Tata Ficosa Automotive Systems Limited)  TP Luminaire Private Limited</p>
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Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

		Rs in lakh		
Sr No	Party Name	Nature of Transactions	FY 20-21	FY 19-20
1	Tata Sons Private Limited	<p><b>Income</b></p> <p>Finance Lease Interest 42 62</p> <p>Op. Lease Rental 811 816</p> <p><b>Expenses</b></p> <p>BEBP Expenses 1,666 1,600</p> <p>Legal &amp; Professional Fees 38 5</p> <p>Staff Welfare Expenses 0 2</p> <p>Training Expenses 1 3</p> <p><b>Other transactions</b></p> <p>Facility provided during year - -</p> <p>Facility repayment received during year 190 170</p> <p><b>Assets</b></p> <p>Finance Lease Facility Principal receivable 276 465</p> <p>Finance lease accrued income &amp; other receivables (36) 8</p> <p><b>Liabilities</b></p> <p>Balance Payable 1,666 1,600</p> <p><b>Commitments</b></p> <p>Off balance sheet exposure - -</p>		
2	Tata Capital Limited	<p><b>Income</b></p> <p>PMS Income 15 15</p> <p>Referral Fees 15 30</p> <p>Recovery Rent and Guest house expenses 3 12</p> <p><b>Expenses</b></p> <p>Dividend paid during the period - CCCPS - 2,739</p> <p>Dividend paid during the period - Equity Shares 14,995 4,890</p> <p>ICD Interest 6,672 5,071</p> <p>NCD Interest 1,113 1,113</p> <p>Service provider charges 1,299 3,420</p> <p>Insurance Expenses 6 7</p> <p>Rent and Guest house expenses 973 953</p> <p>Electricity Expenses 30 59</p> <p>Security Charge 88 -</p> <p><b>Other transactions</b></p> <p>Conversion of Convertible Preference Shares into Equity Shares - 1,88,900</p> <p>Amount raised by issue of Equity shares made during the year - 25,000</p> <p>Amount raised by issue of Compulsory Convertible Cumulative Preference Shares - -</p> <p>Inter-Corporate Deposit received 2,48,099 10,34,419</p> <p>Inter-Corporate Deposit repaid 1,91,391 9,81,795</p> <p><b>Assets</b></p> <p>Security Deposit receivable 5,847 5,847</p> <p>Balance receivable 37 22</p> <p><b>Liabilities</b></p> <p>Equity shares held 1,62,993 1,62,993</p> <p># Compulsorily Convertible Cumulative Preference shares - -</p> <p># Inter-Corporate Deposit Payable 1,15,058 58,350</p> <p># Perpetual Non-Convertible debentures 12,500 12,500</p> <p># Accrued Interest on ICD Outstanding 480 307</p> <p># Accrued Interest on Perpetual Debentures 18 18</p> <p>Trade Payable 510 405</p>		
3	Tata Capital Housing Finance Limited	<p><b>Income</b></p> <p>Referral Fees 5 20</p> <p>Loan Sourcing Fee 4 -</p> <p>Recovery Rent and Guest house expenses 811 1,032</p> <p><b>Expenses</b></p> <p>Rent and Guest house expenses 95 119</p> <p>Insurance Expenses - 1</p> <p>Valuation charges - 71</p> <p><b>Other Transactions</b></p> <p>Transfer of loan portfolio and processing fees 6,090 -</p> <p><b>Assets</b></p> <p>Balance Receivable 809 278</p> <p><b>Liabilities</b></p> <p>Trade Payable 38 100</p>		

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
4	Tata Cleantech Capital Limited	<b>Income</b>		
		Recovery Rent and Guest house expenses	102	119
		Syndication Fees	6	-
		<b>Expenses</b>		
		Rent and Guest house expenses	2	11
		Consultancy charges	9	-
		<b>Other transactions</b>		
Transfer of loan portfolio	4,023	12,855		
		<b>Assets</b>		
		Balance Receivable	12	11
5	Tata Securities Limited	<b>Income</b>		
		Recovery Rent and Guest house expenses	37	30
		<b>Expenses</b>		
		Fixed Assets transfer	-	1
		Legal & Professional Fees	4	38
		<b>Assets</b>		
		Balance Receivable	8	4
6	Tata Capital Advisors Pte. Limited	<b>Income</b>		
		SLA Fees	8	8
		<b>Assets</b>		
		Balance Receivable	8	8
7	Tata Capital General Partners LLP	<b>Income</b>		
		SLA Fees	1	1
		<b>Assets</b>		
		Balance Receivable	1	1
8	Tata Capital Growth II General Partners LLP	<b>Income</b>		
		SLA Fees	1	1
		<b>Assets</b>		
		Balance Receivable	1	1
9	Tata Capital Healthcare General Partners LLP	<b>Income</b>		
		SLA Fees	1	1
		<b>Assets</b>		
		Balance Receivable	1	1
10	TATA Capital Healthcare II General Partners LLP	<b>Income</b>		
		* SLA Fees	1	0
		<b>Assets</b>		
		* Balance Receivable	1	0
11	Tata Capital Plc	<b>Income</b>		
		SLA Fees	8	8
		<b>Assets</b>		
		Balance Receivable	8	8
12	Tata Capital Pte. Limited	<b>Income</b>		
		SLA Fees	15	15
		<b>Assets</b>		
		Balance Receivable	15	15

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
13	Tata Opportunities General Partners LLP	<b>Income</b>		
		SLA Fees	1	1
		<b>Assets</b>		
		Balance Receivable	1	1
14	TVS Supply Chain Solutions Limited	<b>Income</b>		
		Dividend received	-	-
		Term Loan Interest Income	204	1,664
		Invoice Discounting	37	7
		Management Fees	-	27
		<b>Other transactions</b>		
		Receipts from Divestment	484	-
		Loan given during year	-	20,000
		Loan repayment received during year	12,725	12,953
		Invoice discounted during year	4,862	1,180
		Invoice discounted repayment received during year	4,500	1,053
		<b>Assets</b>		
		Term Loan Principal receivable	-	5,705
		Term Loan accrued income	-	43
		# Term Loan Principal receivable	-	7,020
# Term Loan accrued income	-	60		
# Invoice Discounted receivable	592	229		
# Invoice Discounting other receivables*	3	4		
Investment in Equity Shares	981	1,465		
<b>Commitments</b>				
Off balance sheet exposure	398	-		
15	Shriram Properties Limited	<b>Assets</b>		
		Investment in Equity Shares	3,935	3,935
		Provision for Diminution in value of Investment	(1,535)	(1,535)
16	Fincare Business Services Limited	<b>Income</b>		
		Term Loan Interest Income	89	-
		<b>Other transactions</b>		
		Loan given during year	3,732	-
		<b>Assets</b>		
Term Loan Principal receivable	3,732	-		
Term Loan accrued income	1	-		
Investment in Equity Shares	734	734		
17	Fincare Small Finance Bank Limited	<b>Income</b>		
		Inerest on Debenture	408	-
		<b>Other transactions</b>		
		Investment in debenture during the year	3,616	-
		<b>Assets</b>		
		Investment in Debentures	3,616	-
Accrued Interest	13	-		
Investment in Equity Shares	27	-		
18	Tata Autocomp Systems Limited	<b>Income</b>		
		Op. Lease Rental	643	574
		Management Fees	-	19
		<b>Other transactions</b>		
		Security deposit received during year	8	248
		Security deposit adjusted during year	132	-
		<b>Assets</b>		
		Balance Receivable / (Payable)	-	(2)
		<b>Liabilities</b>		
		Security deposit payable	450	574
<b>Commitments</b>				
Off balance sheet exposure	6,752	10,808		

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
19	Tata Projects Limited	<b>Income</b>		
		Finance Lease Interest	412	155
		Op. Lease Rental	7,209	2,902
		Management Fees	5	12
		<b>Other transactions</b>		
		Sale of Asset	61	-
		Facility provided during year	1,831	2,245
		Facility repayment received during year	769	227
		Security deposit received during year	154	202
		Security deposit repaid / adjusted during year	69	87
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	3,761	2,698
		Finance lease accrued income & other receivables	621	455
		Balance Receivable / (Payable)	-	(2)
<b>Liabilities</b>				
Security deposit payable	694	608		
<b>Commitments</b>				
Off balance sheet exposure	4,552	6,834		
20	Tata Technologies Limited	<b>Income</b>		
		Finance Lease Interest	8	13
		Management Fees	-	0
		<b>Expenses</b>		
		Information Technology Expenses	205	43
		<b>Other transactions</b>		
		Facility provided during year	-	16
		Facility repayment received during year	42	28
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	28	70
		Finance lease accrued income & other receivables	1	2
		Balance Receivable	-	-
		<b>Liabilities</b>		
		Trade Payable	84	-
<b>Commitments</b>				
Off balance sheet exposure	-	100		
21	Tema India Limited	<b>Income</b>		
		Term Loan Interest Income	10	5
		Management Fees	-	11
		<b>Other transactions</b>		
		Loan given during year	-	86
		Loan repayment received during year	14	-
		<b>Assets</b>		
		Term Loan Principal receivable	72	86
		Term Loan accrued income	1	1
22	Tata Capital Limited Gratuity Scheme	<b>Expenses</b>		
		Contribution to Gratuity fund	329	391
23	Tata Capital Limited Employees Provident Fund	<b>Expenses</b>		
		Contribution to Provident Fund	1,116	1,186
		<b>Other transactions</b>		
		Employees Contribution to Provident Fund	1,567	1,858
		<b>Liabilities</b>		
Balance Payable	90	-		

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
24	Tata Capital Limited Superannuation Scheme	<b>Expenses</b>		
		Contribution to Superannuation	80	76
		<b>Assets</b>		
		Balance Receivable	12	61
25	TCL Employee Welfare Trust	<b>Other transactions</b>		
		Loan given during year	250	650
		Loan repayment received during year	-	650
		<b>Assets</b>		
		# Outstanding Loan	6,536	6,286
		Balance Receivable	2	11
26	Automotive Stampings and Assemblies Limited	<b>Income</b>		
		Term Loan Interest Income	141	25
		WCDL Interest Income	379	433
		Op. Lease Rental	-	31
		Management Fees	30	13
		<b>Other transactions</b>		
		Term Loan / WCDL given during year	17,368	15,025
		Term Loan / WCDL repayment received during year	17,675	14,775
		<b>Assets</b>		
		Term Loan / WCDL Principal receivable	2,075	-
		# Term Loan / WCDL Principal receivable	2,092	4,474
		# Term Loan / WCDL accrued income	35	38
		* Balance Receivable / (Payable)	-	(0)
<b>Commitments</b>				
Off balance sheet exposure	2,408	1,526		
27	Infiniti Retail Limited	<b>Income</b>		
		Op. Lease Rental	134	211
		Management Fees	10	6
		Trade Advance Interest Income	69	-
		<b>Expenses</b>		
		Commission on Cards	30	75
		DMA Commission	34	69
		Fixed Assets Purchased	1	3
		Staff Welfare Expenses	36	0
		<b>Other transactions</b>		
		Facility provided during year	-	18
		Facility repayment received during year	4	-
		NSR Payment	1,597	2,192
		Security deposit received during year	7	-
		Security deposit repaid / adjusted during year	51	0
		Loan given during year	2,076	-
		Loan repayment received during year	2,076	-
		<b>Assets</b>		
Finance Lease Facility Principal receivable	14	18		
Finance lease accrued income & other receivables	1	4		
Balance Receivable	-	38		
<b>Liabilities</b>				
Security deposit payable	31	75		
<b>Commitments</b>				
Off balance sheet exposure	5,339	119		
28	Niskalp Infrastructure Services Limited (formerly Niskalp Energy Limited)	<b>Income</b>		
		* Recovery Rent and other expenses	1	0

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
29	Tata Advanced Systems Limited	<b>Income</b>		
		Finance Lease Interest	33	20
		Syndication Fees	100	-
		<b>Other transactions</b>		
		Facility provided during year	47	103
		Facility repayment received during year	59	35
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	181	194
		Finance lease accrued income & other receivables	119	67
		<b>Commitments</b>		
Off balance sheet exposure	304	466		
30	Tata AIG General Insurance Company Limited	<b>Income</b>		
		Insurance Commission	488	1,049
		<b>Expenses</b>		
		Insurance Expenses	61	13
		<b>Assets</b>		
		# Balance Receivable	97	162
31	Tata Asset Management Limited	<b>Income</b>		
		PMS Income	42	403
		<b>Assets</b>		
# Balance Receivable	10	17		
32	Tata Communications Collaboration Services Private Limited	<b>Expenses</b>		
		Telephone Expenses	2	1
33	Tata Communications Limited	<b>Income</b>		
		* Finance Lease Interest	0	3
		* Foreclosure Charges	-	0
		<b>Expenses</b>		
		Information Technology Expenses	249	241
		<b>Other transactions</b>		
		Facility repayment received during year	13	19
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	5	18
		Finance lease accrued income & other receivables /		
		* (Payables)	(1)	(0)
		<b>Liabilities</b>		
		Trade Payable	49	-
<b>Commitments</b>				
Off balance sheet exposure	-	-		
34	Tata Communications Payment Solutions Limited	<b>Expenses</b>		
		Advertising Exp	10	-
35	Tata Communications Transformation Services Limited	<b>Income</b>		
		Finance Lease Interest	1	3
		<b>Other transactions</b>		
		Facility repayment received during year	10	11
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	2	12
Finance lease accrued income & other receivables /				
* (Payables)	0	1		

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
36	Tata Consultancy Services Limited	<b>Income</b>		
		Finance Lease Interest	35	38
		Op. Lease Rental	383	186
		<b>Expenses</b>		
		Information Technology Expenses	7,683	4,623
		<b>Other transactions</b>		
		Facility provided during year	-	63
		Facility repayment received during year	47	38
		Security deposit received during year	29	129
		Security deposit repaid / adjusted during year	(48)	49
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	198	245
		Finance lease accrued income & other receivables	6	1
		Balance Receivable / (Payable)	-	(4)
		<b>Liabilities</b>		
Balance Payable	1,642	2,376		
Security deposit payable	157	80		
<b>Commitments</b>				
Off balance sheet exposure	1,192	1,751		
37	Tata Consulting Engineers Limited	<b>Income</b>		
		Term Loan Interest Income	-	77
		Management Fees	-	15
		<b>Other transactions</b>		
		Loan given during year	-	1,500
Loan repayment received during year	-	1,500		
38	Tata Industries Limited	<b>Income</b>		
		Finance Lease Interest	286	121
		Sale of Assets	-	61
		* Recovery of Expenses	-	-
		<b>Other transactions</b>		
		Facility provided during year	932	1,148
		Facility repayment received during year	535	168
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	1,558	1,160
		Finance lease accrued income & other receivables	253	989
		* Balance Receivable	-	(0)
<b>Commitments</b>				
Off balance sheet exposure	448	836		
39	Tata International Limited	<b>Income</b>		
		Finance Lease Interest	14	5
		<b>Expenses</b>		
		Staff Welfare Expenses	-	7
		<b>Other transactions</b>		
		Facility provided during year	14	84
		Facility repayment received during year	17	4
		Security deposit received during year	-	21
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	77	80
		Finance lease accrued income & other receivables	25	28
		<b>Liabilities</b>		
		Security deposit payable	21	21
<b>Commitments</b>				
Off balance sheet exposure	39	63		



54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
40	Tata Teleservices (Maharashtra) Limited	<b>Expenses</b>		
		Telephone Expenses	136	134
		<b>Liabilities</b>		
		* Balance Payable	0	-
41	Tata Teleservices Limited	<b>Income</b>		
		Finance Lease Interest	24	20
		Op. Lease Rental	-	3
		Management Fees	-	2
		Foreclosure Charges	-	0
		<b>Expenses</b>		
		Electricity Expenses	9	14
		Rent Expenses	25	39
		Telephone Expenses	34	35
		<b>Other transactions</b>		
		Facility provided during year	86	137
		Facility repayment received during year	82	150
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	142	139
		Finance lease accrued income & other receivables / (payables)	(4)	(29)
		Balance Receivable	0	-
		Security Deposit receivable	-	8
<b>Commitments</b>				
Off balance sheet exposure	-	491		
42	Conneqt Business Solutions Limited (formerly Tata Business Support Services Limited)	<b>Income</b>		
		Finance Lease Interest	111	124
		Op. Lease Rental	33	279
		Management Fees	0	2
		Sale of Assets	44	-
		Recovery Electricity expenses	22	40
		Recovery Rent and Guest house expenses	165	129
		<b>Expenses</b>		
		Outsourcing Expenses	7,776	7,633
		<b>Other transactions</b>		
		Facility provided during year	9	418
		Facility repayment received during year	294	397
		Loan repayment received during year	-	-
		Security Deposit Adjusted	16	-
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	778	1,063
		Finance lease accrued income & other receivables	56	46
		Balance Receivable	76	83
		<b>Liabilities</b>		
		Trade Payable	3,240	1,037
Security deposit payable	21	37		
<b>Commitments</b>				
Off balance sheet exposure	692	716		

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
43	Tata Consumer Products Limited (formerly Tata Global Beverages Limited)	<b>Income</b>		
		Finance Lease Interest	12	9
		Op. Lease Rental	61	60
		<b>Other transactions</b>		
		Facility provided during year	-	112
		Facility repayment received during year	15	11
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	86	101
		Finance lease accrued income & other receivables	2	22
		Balance Receivable	-	5
		<b>Commitments</b>		
		Off balance sheet exposure	310	310
		44	Tata Motors Limited	<b>Income</b>
Finance Lease Interest	32			27
Management Fees	29			540
Foreclosure Charges	-			20
<b>Other transactions</b>				
Facility provided during year	424			-
Facility repayment received during year	68			124
Loan repayment received during period	15,002			-
Loan Given during period	-			15,002
<b>Assets</b>				
Finance Lease Facility Principal receivable	591			235
Finance lease accrued income & other receivables	3,829			(181)
# PTC loan receivable	-			15,002
<b>Commitments</b>				
Off balance sheet exposure	6,445	-		
45	The Associated Building Company Limited	<b>Income</b>		
		Term Loan Interest Income	1	68
		<b>Expenses</b>		
		Legal & Professional Fees	-	1
		<b>Other transactions</b>		
		Loan given during year	300	100
		Loan repayment received during year	44	4,244
		<b>Assets</b>		
		Term Loan Principal receivable	256	-
		Term Loan accrued income	1	-
		<b>Commitments</b>		
		Off balance sheet exposure	44	97

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
46	The Indian Hotels Company Limited	<b>Income</b>		
		Finance Lease Interest	10	19
		Op. Lease Rental	-	7
		<b>Expenses</b>		
		Hotel Expenses	-	5
		Training Expenses	-	6
		Business promotion Expenses	-	-
		Staff Welfare Expenses	1	-
		<b>Other transactions</b>		
		Facility provided during year	-	22
		Facility repayment received during year	67	55
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	43	110
		Finance lease accrued income & other receivables	(1)	10
Balance Receivable	-	-		
<b>Commitments</b>				
Off balance sheet exposure	300	-		
47	The Tata Power Company Limited	<b>Income</b>		
		Finance Lease Interest	153	142
		Management Fees	14	10
		<b>Other transactions</b>		
		Facility provided during year	190	340
		Facility repayment received during year	253	174
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	1,011	1,074
		Finance lease accrued income & other receivables	472	71
		<b>Commitments</b>		
Off balance sheet exposure	1,554	260		
48	Titan Company Limited	<b>Expenses</b>		
		Staff Welfare Expenses	-	6
		Interest Expenses	-	60
		<b>Other transactions</b>		
		ICD Repaid	-	5,000
<b>Assets</b>				
Balance Receivable	-	1		
49	Trent Limited	<b>Other transactions</b>		
		NSR Payment	178	295
		<b>Assets</b>		
Balance Receivable*	-	0		
50	Voltas Limited	<b>Expenses</b>		
		Fixed Assets Purchased	-	22
		Incentive payment dealers	57	17
		Repairs and Maintenance	47	30

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
51	Coastal Gujarat Power Limited	<b>Income</b>		
		Finance Lease Interest	18	13
		Term Loan Interest Income	-	854
		Management Fees	2	15
		<b>Other transactions</b>		
		Facility provided during year	12	50
		Facility repayment received during year	19	13
		Loan given during year	-	-
		Loan repayment received during year	-	32,500
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	95	103
		Finance lease accrued income & other receivables	59	(16)
		# Term Loan Principal receivable	-	-
# Term Loan accrued income	-	-		
<b>Commitments</b>				
Off balance sheet exposure	185	-		
52	TML Business Services Limited (formerly Concorde Motors (India) Limited)	<b>Income</b>		
		Trade Advance Interest Income	-	1,046
		Op. Lease Rental	28	460
		Management Fees	-	20
		<b>Expenses</b>		
		Fixed Assets Purchased	-	9
		<b>Other transactions</b>		
		Loan given during year	-	33,890
		Loan repayment received during year	-	52,677
		<b>Assets</b>		
		# Term Loan Principal receivable	-	-
		# Term Loan accrued income	-	-
		Balance Receivable	-	9
# Balance Receivable	-	16		
<b>Commitments</b>				
Off balance sheet exposure	-	18,106		
53	Fiora Hypermarket Limited	<b>Expenses</b>		
		Commission on Cards	2	7
		<b>Other transactions</b>		
NSR Payment	269	233		
54	Indian Steel & Wire Products Ltd.	<b>Income</b>		
		Finance Lease Interest	10	7
		Management Fees	-	1
		<b>Other transactions</b>		
		Facility provided during year	-	99
		Facility repayment received during year	22	18
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	58	81
		Finance lease accrued income & other receivables	2	1
		<b>Commitments</b>		
Off balance sheet exposure	-	32		
55	Maithon Power Limited	<b>Income</b>		
		Finance Lease Interest	5	3
		Syndication fees	-	135
		<b>Other transactions</b>		
		Facility provided during year	-	11
		Facility repayment received during year	9	3
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	21	29
		Finance lease accrued income & other receivables / * (payables)	44	(0)
		<b>Commitments</b>		
Off balance sheet exposure	149	-		

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
56	Nelco Limited	<b>Income</b>		
		Finance Lease Interest	6	6
		<b>Other transactions</b>		
		Facility provided during year	-	39
		Facility repayment received during year	12	6
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	36	48
Finance lease accrued income & other receivables / (payables)	1	1		
<b>Commitments</b>				
Off balance sheet exposure	-	94		
57	Piem Hotels Limited	<b>Expenses</b>		
		* Hotel Expenses	0	0
58	Tata Metaliks Ltd.	<b>Income</b>		
		Finance Lease Interest	3	-
		Op. Lease Rental	48	25
		<b>Other transactions</b>		
		Security deposit received during year	1	6
		Security deposit repaid / adjusted during year	2	-
		Facility provided during year	18	-
		Facility repayment received during year	8	-
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	10	-
		Finance lease accrued income & other receivables / (payables)	(5)	-
		Balance Receivable	-	2
		<b>Liabilities</b>		
Security deposit payable	13	14		
<b>Commitments</b>				
Off balance sheet exposure	354	361		
59	Tata Motors Finance Limited	<b>Income</b>		
		Interest on Bonds	-	176
		<b>Expenses</b>		
		Rent and Guest house expenses	7	8
		FA Purchased	-	-
		<b>Other transactions</b>		
		Proceeds from Divestments	-	2,000
		Sale of Asset	5	-
		<b>Assets</b>		
		Investment in Bonds	-	-
Balance Receivable	-	-		
<b>Liabilities</b>				
Balance Payable	-	32		
60	Tata Power Delhi Distribution Limited	<b>Expenses</b>		
		* Legal & Professional Fees	-	0
61	Tata Power Solar Systems Limited	<b>Income</b>		
		Finance Lease Interest	26	19
		Management Fees	-	1
		<b>Other transactions</b>		
		Facility provided during year	64	148
		Facility repayment received during year	55	31
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	138	129
Finance lease accrued income & other receivables / (Payables)	8	(9)		
<b>Commitments</b>				
Off balance sheet exposure	-	500		

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
62	Tata Power Trading Company Limited	<b>Income</b>		
		Finance Lease Interest	1	1
		<b>Other transactions</b>		
		Facility repayment received during year	1	1
		<b>Assets</b>		
Finance Lease Facility Principal receivable	4	5		
* Finance lease accrued income & other receivables	0	(5)		
63	Tata Steel Utilities and Infrastructure Services Limited (formerly Jamshedpur Utilities & Services Company Limited)	<b>Income</b>		
		Finance Lease Interest	5	7
		Op. Lease Rental	14	32
		<b>Other transactions</b>		
		Sale of Asset	25	-
		Facility provided during year	-	72
		Facility repayment received during year	22	20
		Security deposit received during year	-	-
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	30	52
		Finance lease accrued income & other receivables	1	1
		Balance Receivable / (Payables)	-	(2)
		<b>Liabilities</b>		
		Security deposit payable	9	9
<b>Commitments</b>				
Off balance sheet exposure	-	15		
64	Tayo Rolls Limited	<b>Income</b>		
		ODC Income*	-	-
		<b>Other transactions</b>		
		Loan repayment received during year	-	3
<b>Assets</b>				
# Loan outstanding	-	-		
65	TP Ajmer Distribution Limited	<b>Income</b>		
		Finance Lease Interest	4	3
		Management Fees	-	1
		<b>Other transactions</b>		
		Facility provided during year	6	11
		Facility repayment received during year	4	6
<b>Assets</b>				
Finance Lease Facility Principal receivable	24	22		
Finance lease accrued income & other receivables	2	1		
66	United Hotels Limited	<b>Income</b>		
		Finance Lease Interest	5	2
		<b>Other transactions</b>		
		Facility provided during year	-	29
		Facility repayment received during year	3	1
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	25	28
Finance lease accrued income & other receivables	2	3		
<b>Commitments</b>				
Off balance sheet exposure	53	53		
67	Air International TTR Thermal Systems Private Limited	<b>Income</b>		
		Op. Lease Rental	29	26
		Management Fees	-	0
		<b>Other transactions</b>		
		Security deposit received during year	-	5
		<b>Liabilities</b>		
		Security deposit payable	18	18
<b>Commitments</b>				
Off balance sheet exposure	823	1,823		

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
68	AirAsia (India) Limited	<b>Income</b>		
		Term Loan Interest Income	-	767
		Trade Advance Interest Income	1,109	287
		Management Fees	50	59
		<b>Other transactions</b>		
		Loan given during year	31,551	10,000
		Loan repayment received during year	21,557	10,000
		<b>Assets</b>		
		# Trade Advance Principal receivable	19,994	10,000
		# Trade Advance accrued income	95	96
		<b>Commitments</b>		
Off balance sheet exposure	10,006	10,000		
69	Mikado Realtors Private Limited	<b>Income</b>		
		Term Loan Interest Income	283	29
		Management Fees	2	2
		<b>Other transactions</b>		
		Loan given during year	1,250	1,500
		Loan repayment received during year	2,750	-
		<b>Assets</b>		
		# Term Loan Principal receivable	-	1,500
		# Term Loan accrued income	-	29
		<b>Commitments</b>		
		Off balance sheet exposure	550	2,500
70	Tata AIA Life Insurance Company Limited	<b>Income</b>		
		Finance Lease Interest	7	0
		Insurance Commission	245	193
		<b>Expenses</b>		
		Insurance Expenses	82	70
		<b>Other transactions</b>		
		Facility provided during year	35	10
		Facility repayment received during year	6	-
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	38	10
		Finance lease accrued income & other receivables	120	36
Balance Receivable	130	70		
# Balance Receivable	8	6		
<b>Commitments</b>				
Off balance sheet exposure	479	150		
71	Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited)	<b>Income</b>		
		Trade Advance Interest Income	36	12
		Management Fees	4	3
		<b>Other transactions</b>		
		Loan given during year	2,540	1,000
		Loan repayment received during year	2,540	1,500
		<b>Assets</b>		
		# Term Loan Principal receivable	-	-
		# Term Loan accrued income	-	-
		<b>Commitments</b>		
		Off balance sheet exposure	-	1,000
72	Tata Boeing Aerospace Limited (formerly Tata Aerospace Limited)	<b>Income</b>		
		Finance Lease Interest	1	1
		<b>Other transactions</b>		
		Facility provided during year	3	-
		Facility repayment received during year	2	1
		<b>Assets</b>		
		Finance Lease Facility Principal receivable	6	5
		* Finance lease accrued income & other receivables	(0)	4
		<b>Commitments</b>		
		Off balance sheet exposure	138	138

54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh			
			FY 20-21	FY 19-20		
73	Tata International DLT Private Limited	<b>Income</b>				
		Term Loan Interest Income	15	36		
		<b>Other transactions</b>				
		Loan repayment received during year	225	200		
		<b>Assets</b>				
		Term Loan Principal receivable	-	225		
		Term Loan accrued income	-	1		
74	Tata Lockheed Martin Aerostructures Limited	<b>Income</b>				
		Finance Lease Interest	5	7		
		<b>Other transactions</b>				
		Facility given during year	-	-		
		Facility repayment received during year	17	14		
		<b>Assets</b>				
		Finance Lease Facility Principal receivable	30	47		
		Finance lease accrued income & other receivables / (payables)	(1)	(1)		
75	Tata Precision Industries (India) Limited	<b>Income</b>				
		Term Loan Interest Income	5	8		
		<b>Other transactions</b>				
		Loan repayment received during year	23	23		
		<b>Assets</b>				
		Term Loan Principal receivable	23	45		
		* Term Loan accrued income	0	0		
76	Tata Sikorsky Aerospace Limited (formerly Tara Aerospace Systems Limited)	<b>Income</b>				
		Finance Lease Interest	2	2		
		<b>Other transactions</b>				
		Facility provided during year	12	8		
		Facility repayment received during year	5	3		
		<b>Assets</b>				
				Finance Lease Facility Principal receivable	19	11
		* Finance lease accrued income & other receivables	28	(0)		
		<b>Commitments</b>				
		Off balance sheet exposure	80	139		
77	Tata Toyo Radiator Limited	<b>Income</b>				
		Op. Lease Rental	1,922	1,093		
		Management Fees	11	12		
		Term Loan Interest Income	158	-		
		<b>Other transactions</b>				
		Security deposit received during year	210	458		
		Security deposit adjusted during year	4	-		
		Loan given during year	2,500	-		
		<b>Assets</b>				
				Balance receivable	-	(8)
				Term Loan Principal receivable	2,500	-
				Term Loan accrued income	18	-
				<b>Liabilities</b>		
		Security deposit payable	1,154	948		
		<b>Commitments</b>				
		Off balance sheet exposure	286	10,215		
78	Tata Sky Broadband Private Limited (formerly Quickest Broadband Private Limited)	<b>Income</b>				
		Syndication fees	-	35		
79	Sir Dorabji Tata Trust	<b>Expenses</b>				
		CSR Expenditure	50	100		



54. Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on “Related Party Disclosures” notified under the Companies (Indian Accounting Standard) Rules, 2015:

B) Transactions with related parties

Sr No	Party Name	Nature of Transactions	Rs in lakh	
			FY 20-21	FY 19-20
80	Sir Ratan Tata Trust	<b>Income</b>		
		Finance Lease Interest	-	0
		<b>Other transactions</b>		
		Facility repayment received during year	-	3
81	Tata Steel BSL Limited (formerly Bhushan Steel Limited) (under amalgamation)	<b>Assets</b>		
		Investment in Equity Shares	6	-
82	Tata Ficosa Automotive Systems Private Limited (Tata Ficosa Automotive Systems Limited)	<b>Income</b>		
		Invoice Discounting	65	-
		Management Fees	3	-
		Trade Advance Interest Income	4	-
		<b>Other Transactions</b>		
		Loan given during year	1,003	-
		Loan repayment received during year	3	-
		<b>Assets</b>		
		# Trade Advance Principal receivable	1,000	-
		# Trade Advance accrued income	4	-
83	TP Luminaire Private Limited	<b>Income</b>		
		Management Fees	28	-
		Term Loan Interest Income	260	-
		<b>Other Transactions</b>		
		Loan given during year	5,552	-
		Loan repayment received during year	1,328	-
		<b>Assets</b>		
		Term Loan Principal receivable	4,224	-
Term Loan accrued income	1	-		
84	Panatone Finvest Limited	<b>Commitments</b>		
		Off balance sheet exposure	1,052	-
85	Key Management	<b>Other Transactions</b>		
		* Sale of Investment	0	-
85	Key Management	<b>Remuneration to KMP</b>		
		Short Term Employee Benefits	302	434
		Post Employment Benefits	31	13
		Share based payments (No. of Shares)		
		Options granted **	10,36,536	12,00,000
		Options exercised	2,36,536	-
		Director Sitting Fees & Commission	125	125

Notes :

- \* less than Rs.50,000/-
- \*\* ESOP has been granted by Tata Capital Limited
- # all the loans / borrowings balance above are not secured
- d) Expected credit loss provision for parties listed above have not been considered as provision for doubtful debts, hence not disclosed
- e) The above related party transactions are at Arm's legth and in the ordinary course of business.
- f) The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

C) List of Associates

Country of Incorporation	Name of Associate	Ownership Interest	
		March 31, 2021	March 31, 2020
India	Shriram Properties Limited	1.50%	1.50%
India	TVS Supply Chain Solutions Limited	0.42%	0.63%
India	Fincare Business Services Limited	0.78%	0.78%
India	Fincare Small Finance Bank Limited	0.02%	-

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 55. Disclosure of Restructured Accounts As on 31-Mar-21

SI No	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
	Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	
1	Restructured accounts as on 1st April, 2020 (Opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	19	24	49	-	92	19	24	49	-	92	
		Amt. outstanding	0	(0)	0	-	0	-	-	-	-	-	1,039	946	1,436	-	3,421	1,039	946	1,436	-	3,421	
		Provision thereon	-	(0)	0	-	0	-	-	-	-	-	163	679	985	-	1,827	163	679	985	-	1,827	
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	3,530	255	-	-	3,785	3,530	255	-	-	3,785	
		Amt. outstanding	-	-	-	-	-	-	-	-	-	-	61,680	4,924	-	-	66,604	61,680	4,924	-	-	66,604	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	17,333	2,060	-	-	19,393	17,333	2,060	-	-	19,393	
3	Upgradations of restructured accounts to Standard category	No. of borrowers	-	-	-	-	-	-	-	-	-	-	2	(7)	(1)	-	(6)	2	(7)	(1)	-	(6)	
		Amt. outstanding	-	-	-	-	-	-	-	-	-	-	(96)	(462)	(518)	-	(1,075)	(96)	(462)	(518)	-	(1,075)	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(64)	(386)	(268)	-	(717)	(64)	(386)	(268)	-	(717)	
4	Restructured advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amt. outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(4)	(5)	9	-	-	(4)	(5)	9	-	-	
		Amt. outstanding	-	-	-	-	-	-	-	-	-	-	(339)	(35)	351	-	(23)	(339)	(35)	351	-	(23)	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(65)	(122)	351	-	164	(65)	(123)	351	-	164	
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(5)	(8)	(46)	-	(59)	(5)	(8)	(46)	-	(59)	
		Amt. outstanding	-	-	-	-	-	-	-	-	-	-	(88)	(117)	(870)	-	(1,075)	(88)	(117)	(870)	-	(1,075)	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(11)	(98)	(669)	-	(778)	(11)	(98)	(669)	-	(778)	
7	Restructured accounts as on 31st Mar, 2021 (Closing figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	3,542	259	11	-	3,812	3,542	259	11	-	3,812		
		Amt. outstanding	0	(0)	0	-	0	-	-	-	-	62,197	5,256	399	-	67,851	62,197	5,256	399	-	67,851		
		Provision thereon	-	(0)	0	-	0	-	-	-	-	17,357	2,133	399	-	19,888	17,357	2,133	399	-	19,888		

\* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

#### NOTES

1. Fresh restructuring during the year includes Rs (4.72).Lakhs of fresh /additional Sanction ( 5 account ),provision of Rs.0.86 Lakhs to the existing restructured accounts.
2. Woff restructuring during the year includes Rs (52.82).Lakhs of fresh /additional Sanction ( 3 account ),provision of Rs(8.81) Lakhs to the existing restructured accounts.
3. The above disclosure includes restructuring granted pursuant to Reserve Bank of India notification RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 pertaining to Resolution Framework for COVID-19-related Stress (Refer Note 59).

# This also includes provision made on opening standard restructured assets

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 56. As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, additional disclosures are required in the Annual Financial Statements as follows:

(i) The Company has following Registrations effective as on March 31, 2021:

Issuing Authority	Registration No., if any	Date of registration	Valid upto	Registered as
Reserve Bank of India	13.02005	04-Nov-11	-	NBFC-ND-SI
Reserve Bank of India	-	15-Jan-19	14-Jan-23	Marketing and distribution of Co-branded Credit Card
Association of Mutual Fund of India	ARN No. 84894	12-Mar-15	11-Mar-24	Distributor of MF products (ARN)
Securities and Exchange Board of India	INA00002215	17-Sep-14	15-Sep-24	Investment Advisor
Insurance Regulatory and Development Authority of India	CA 0076	01-Apr-16	31-Mar-22	Corporate Agent

(ii) Ratings assigned by credit rating agencies and migration of ratings during the year

(i) Rating Assigned to	Short Term Debt, Long Term Debt, Perpetual Debt, Tier II Debt
(ii) Date of Rating	ICRA- March 16 2021, CARE- December 31, 2020, CRISIL- March 31, 2021, India Rating November 6, 2020
(iii) Rating Valid up to	Till the Date of reaffirmation
(iv) Name of the Rating Agency	ICRA Limited (ICRA), CRISIL Limited (CRISIL), Credit Analysis and Research Limited (CARE), India Ratings & Research Private Limited (IND)
(v) Rating of products	
(a) Commercial Paper	ICRA A1+ , CRISIL A1+ (no change in the rating)
(b) Debentures	<p><b>Secured/Unsecured Non Convertible Debentures</b> Current year : ICRA AAA (Stable), CRISIL AAA (Stable) and CARE AAA (Stable) (No change in rating)</p> <p><b>Secured Non Convertible Debentures - MLD</b> Current year : CRISIL PP-MLD AA+ (Stable) (No change in rating)</p> <p><b>Tier II Debentures</b> Current year : ICRA AAA (Stable), CRISIL AAA (Stable) and CARE AAA (Stable) (No change in rating)</p> <p><b>Perpetual Debentures</b> Current year : CRISIL AA+(Stable), CARE AA+(Stable) and ICRA AA+(Stable) (No change in rating)</p>
(c) Others	<p><b>Short Term Bank Loans</b> ICRA A1+ (no change in the rating)</p> <p><b>Long Term Bank Loans</b> Current year : ICRA AAA (Stable) , CARE AAA (Stable) and India Ratings IND AAA(Stable) ( No change in rating)</p>

(iii) RBI has not levied any penalties on the Company during the year.

(iv) Off Balance Sheet Exposure as on March 31, 2021 is as follows :-

(a) Undrawn Commitment given to Borrowers

As on March 31, 2021 Rs. 410,240 lakh (Year ended March, 31, 2020 : Rs. 376,721 lakh)

Less than 1 Year: Rs. 300,033 lakh (Year ended March, 31, 2020 : Rs. 305,140 lakh)

More than 1 Year: Rs. 110,207 lakh (Year ended March, 31, 2020 : Rs. 71,581 lakh)

(b) Letter of Credit, Buyers Credit and Other Guarantees Rs. 830 lakh (Year ended March, 31, 2020 : Rs. 7,957 lakh)

(c) Leases entered but not executed Rs. 84,421 lakh (Year ended March, 31, 2020 : Rs. 60,842 lakh)

(d) Others (Tax Matters and suits filed) Rs. 5,284 lakh (Year ended March, 31, 2020 : Rs. 5,038 lakh)

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 56. As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, additional disclosures are required in the Annual Financial Statements as follows: (Continued)

#### (v) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss ( refer Note 1)	FY 20-21	FY 19-20
Provision for depreciation on Investments (net of fair value changes)	(7,594)	14,762
Impairment of investment in associates	-	950
Provision towards NPA ( refer Note 2)	92,517	69,695
Provision against assets held for sale	(466)	(746)
Provision against other doubtful advances	12	(239)
Provision made towards Income tax	14,805	33,889
Other Provision and Contingencies (with details):		
- Provision for Employee Benefits	(856)	508
- Provision for Standard Assets	8,765	16,895
<b>Total</b>	<b>1,07,183</b>	<b>1,35,714</b>

#### Note :

1. The Company has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made separately as contingent liabilities in the notes to the accounts forming part of the financial statements (refer Note no 42(i) ). The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

2. The Company has not availed relief in the classification and provision for non-performing assets against the exposure to micro, small and medium borrowers registered under Goods and Service Tax as provided by RBI through its circular no. RBI/2017-18/129 DBR.No.BP.BC.100/21.04.048/2017-18 dated February 7, 2018.

#### (vi) Concentration of Advances & Exposures stood as follows:

##### Advances#

Particulars	FY 20-21	FY 19-20
Total Advances to twenty largest borrowers	5,36,112	4,56,158
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	11.99%	10.30%

# Includes Loans, Advances & Credit Substitutes (Advance includes interest accrued but not due)

##### Exposure \*

(Rs in lakh)

Particulars	FY 20-21	FY 19-20
Total Exposure to twenty largest borrowers	5,49,118	4,69,958
Percentage of Exposure to twenty largest borrowers to Total Exposure of the NBFC	10.77%	11.20%

\* Includes Loans, Advances, Credit Substitutes & Investment in Equity Shares, Preference Shares, Security Receipts & Mutual Funds (including sanctioned part disbursed)

\*\* Total Exposure includes off balance sheet exposure and interest accrued but not due (refer schedule 50(iv)(a,b and c)

(vii) The Company does not have any Joint Ventures and Subsidiaries abroad. The Company has not sponsored any SPVs. Accordingly there is no disclosure applicable

#### (viii) The status of the Customer Complaints during the year is as follows :

Sr No	Particulars	FY 20-21	FY 19-20
(a)	No. of complaints pending at the beginning of the year	21	154
(b)	No. of complaints received during the year	3,618	2,824
(c)	No. of complaints redressed during the year	3,571	2,957
(d)	No. of complaints pending at the end of the year*	68	21

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 56. As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, additional disclosures are required in the Annual Financial Statements as follows: (Continued)

(ix) Details of Assignment transactions undertaken by NBFCs:

(Rs in lakh)

S No.	Particulars	FY 20-21	FY 19-20
1	No. of accounts*	Nil	Nil
2	Aggregate value (net of provisions) of accounts sold	Nil	Nil
3	Aggregate consideration	Nil	Nil
4	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
5	Aggregate gain / loss over net book value	Nil	Nil

\* Total value of the Loans sold under direct assignment route is Rs. Nil (Year ended March, 31, 2020 : Rs. Nil).

(x) (a) Non Performing Assets purchased during the year - Nil (Previous Year : Nil).

(b) Details of Non Performing Assets sold :

S No.	Particulars	FY 20-21	FY 19-20
1	No. of accounts sold (Count)	Nil	10
2	Aggregate outstanding [net of provision] (Rs in lakh)*	Nil	2,333
	a) Aggregate outstanding (Rs in lakh)	Nil	3,793
	b) Provision held on date of sale	Nil	1,460
3	Aggregate consideration received (Rs in lakh)*	Nil	1,330

(xi) No Parent Company Products are financed during the year (Year ended March, 31, 2020 : Nil).

(xii) The Exposure to a single borrower and group of borrower does not exceed the limit stipulated by the RBI Concentration norms applicable to NBFCs.

(xiii) The Exposure to Unsecured Advances is Rs. 18,74,336 lakh (Year ended March, 31, 2020 : Rs. 19,39,403 lakh) constituting 41.91% of the Total Loans and Advances (Year ended March, 31, 2020 : 43.79%). The Exposure to Secured Loans includes Rs. Nil (Year ended March, 31, 2020 : Rs. Nil) towards a Loan given against Copy Rights for motion films in the nature of intangible asset.

(xiv) Concentration of NPAs

Particulars	March 31, 2021 (Rs in lakh)	March 31, 2020 (Rs in lakh)
Total Exposure to top four NPA accounts	12,156	11,824

(xv) Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		March 31, 2021	March 31, 2020
1	Agriculture & allied activities	10.23%	15.78%
2	MSME (refer Note 1)	1.33%	2.52%
3	Corporate borrowers (refer Note 2)	2.92%	2.04%
4	Services (refer Note 3)	0.62%	1.04%
5	Unsecured personal loans	5.97%	2.19%
6	Auto loans	4.29%	2.56%
7	Other personal loans (refer Note 4)	4.49%	2.70%

Note:

1. includes borrowers classified as per the Master Direction FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 02, 2020.
2. includes borrowers classified as Industry excluding the MSME.
3. includes borrowers classified as Services excluding the MSME.
4. Other Personal Loans include : Loan against Property, Loan against Shares and Consumer Durables.

(xvi) Since the Company does not have significant uncertainties pending resolutions as at March 31, 2021, revenue recognition has not been postponed.

(xvii) Drawdown of reserves made during current year of Rs. Nil is on account of Share issue expenses (Year ended March, 31, 2020 : 214 lakh) and impact of Ind AS 116 "Leases" amounting to Rs. Nil (year ended March 31, 2020 : Rs. 1,205 lakh)

(xviii) The disclosure of the Concentration of Deposits taken is not applicable since the Company is not in the business of accepting deposits being a Systemically Important Non Deposit Accepting NBFC.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 56. As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, additional disclosures are required in the Annual Financial Statements as follows: (Continued)

#### (xix) Derivative Instruments Exposures:

Derivative positions open as at March 31, 2021 and March 31, 2020 in the form of foreign currency forward exchange contract and interest rate 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 (xi).

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, 2021			For the Year ended March 31, 2020		
		USD (Mio)	JPY (Mio)	Rs. In lakh	USD (Mio)	JPY (Mio)	Rs. In lakh
Foreign exchange forward contracts i.e. Notional principal of Swap Agreements (Foreign currency amount payable at future date *Closing exchange rate)	Buy	113	14,555	1,79,489	117	14,656	1,88,509
Interest rate swap contract i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	108	-	79,088	108	-	80,723
Cross currency swap contract i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	50	-	36,615	-	-	-
Cap option i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	-	14,388	95,174	-	14,388	99,462
Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Buy	NA	NA	NA	NA	NA	NA
Collateral required by the NBFC upon entering into swaps	Buy	NA	NA	NA	NA	NA	NA
Concentration of credit risk arising from the swaps \$	Buy	NA	NA	NA	NA	NA	NA
The fair value gain of the foreign exchange forward contract	Buy	NA	NA	(19,977)	NA	NA	4,873
The fair value loss of the interest rate swap	Buy	NA	NA	730	NA	NA	(2,488)
The fair value loss of the cap option	Buy	NA	NA	36	NA	NA	(91)
The fair value gain/(loss) of the Cross currency swap contract	Buy	NA	NA	(1,304)	NA	NA	-

#### Disclosures on Risk Exposure in Derivatives

##### A. Qualitative Disclosure

The Company has a risk management policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:

- Treasury and Risk function is authorised to elect appropriate derivative instrument;
- The Company shall fully hedge the risk on account of foreign currency fluctuation and change interest rate towards external commercial borrowing;
- The Company has put in place a reporting and monitoring mechanism for the risk associated with the derivative transaction;
- 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;
- The company has put in place accounting policy covering recording hedge and non-hedge transactions, recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning and credit risk mitigation.

##### B. Quantitative Disclosure

Particulars	Currency Derivatives		Interest Rate Derivatives	
	2020-21	2019-20	2020-21	2019-20
(i) Derivatives (Notional Principal Amount)	2,16,104	1,88,509	1,74,262	1,80,185
(ii) Marked to Market Positions [1]				
(a) Assets (+)	-	5,674	-	-
(b) Liability (-)	(16,408)	-801	(1,813)	(2,579)
(iii) Credit Exposure [2]	-	-	-	-
(iv) Unhedged Exposures	-	-	-	-

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

56. As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, additional disclosures are required in the Annual Financial Statements as follows: (Continued)

(xx) NPA Movement during the year

		(Rs in lakh)	
Particulars	FY 20-21	FY 19-20	
(i) Net NPAs to Net Advances (%)	0.89%	0.53%	
(ii) Movement of NPAs (Gross)			
(a) Opening balance	1,05,791	1,09,338	
(b) Additions during the year	1,11,138	81,671	
(c) Reductions during the year	(84,012)	(85,218)	
(d) Closing balance	1,32,917	1,05,791	
(iii) Movement of provisions for NPAs (excluding provision on standard assets)			
(a) Opening balance	82,714	92,301	
(b) Additions during the year	79,760	65,657	
(c) Write-off / write-back of excess provisions	(68,396)	(75,244)	
(d) Closing balance	94,077	82,714	
(iv) Movement of Net NPAs			
(a) Opening balance	23,077	17,037	
(b) Additions during the year	31,378	16,014	
(c) Reductions during the year	(15,615)	(9,974)	
(d) Closing balance	38,840	23,077	

**Note:**

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

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

56. As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, additional disclosures are required in the Annual Financial Statements as follows: (Continued)

(xxi) Exposure to Capital Market :-

(Rs in lakh)		
Particulars	FY 20-21	FY 19-20
(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; (Refer note (b) below)	19,244	18,911
(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; (Refer note (a) below)	33,541	19,126
(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; (Refer note (a) below)	3,53,597	1,93,846
(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;(Refer note (a) below)	-	807
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; (Refer note (a) below)	3,190	2,233
(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)	30,342	27,608
<b>Total Exposure to Capital Market</b>	<b>4,39,915</b>	<b>2,62,531</b>

### Note:

Exposure to Capital Market includes:

- a) Limits given to Borrowers but part un-utilised of Rs. 30,569 lakh (Year ended March, 31, 2020 : Rs. 24,205 lakh).
- b) Investment in equity shares of Rs. 2,400 lakh in a Commercial Real Estate customer i.e. Shriram properties private limited (Year ended March, 31, 2021 : Rs. 2,400 lakh), net of the provision for diminution of Rs. 1,535 lakh (Year ended March 31, 2020: Rs. 1,535 lakh).



# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 56. As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, additional disclosures are required in the Annual Financial Statements as follows: (Continued)

#### (xxii) Investments

(Rs. in lakh)		
Particulars	FY 20-21	FY 19-20
<b>(1) Value of Investments</b>		
(i) Gross Value of Investments	1,32,559	35,572
(a) In India	1,32,559	35,572
(b) Outside India	-	-
(ii) Provision for Depreciation	1,653	16,559
(a) In India	1,653	16,559
(b) Outside India	-	-
(iii) Net value of investments	1,30,906	19,013
(a) In India	1,30,906	19,013
(b) Outside India	-	-
<b>(2) Movement of Provisions held towards depreciation on investments</b>		
(i) Opening Balance	16,559	848
(ii) Add: Provision/fair value loss during the year	275	16,098
(iii) Less: Write-off / write-back of excess provisions or fair value gain during the year	15,181	387
(iv) Closing balance	1,653	16,559

Note: The above details does not include investment in the form of Credit Substitutes.

#### (xxiii) Exposure to Real Estate Sector

(Rs. in lakh)		
Category	FY 20-21	FY 19-20
(a) Direct Exposure		
(i) <b>Residential Mortgages -</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	3,61,589	3,80,321
(ii) <b>Commercial Real Estate -</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	4,58,425	4,82,708
(iii) <b>Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a. Residential	-	-
b. Commercial Real Estate	-	-
<b>Total Exposure to Real Estate Sector</b>	<b>8,20,014</b>	<b>8,63,029</b>

#### Note:

Exposure to Real Estate Sector includes:

a) Limits given to Borrowers but part un-utilised of Rs. 23,680 lakh (Previous year : Rs. 26,585 lakh).

b) Pursuant to RBI circular no RBI/2009-10/151 DBOD.BP.BC.No. 42 / 08.12.01/ 2009-10 dated September 9, 2009, an exposure is classified as real estate exposure if the cash flows are primarily dependant on the buy/sell/renting of the real estate property.

(xxiv) 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 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.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 57. Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated March 13, 2020 pertaining to Asset Classification as per RBI Norms

As at March 31, 2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 Provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	41,67,567	33,721	41,33,846	18,767	14,954
	Stage 2	1,71,881	49,238	1,22,643	11,109	38,129
Subtotal		43,39,448	82,959	42,56,489	29,876	53,083
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	1,12,857	77,129	35,728	11,341	65,788
Doubtful - up to 1 year	Stage 3	15,957	13,269	2,688	12,568	701
1 to 3 years	Stage 3	2,214	1,816	398	1,538	279
More than 3 years	Stage 3	1,220	1,194	26	1,183	11
Subtotal for doubtful		19,391	16,279	3,112	15,288	991
Loss	Stage 3	669	669	-	669	-
Subtotal for NPA		1,32,917	94,077	38,840	27,298	66,779
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	2,24,443	1,197	2,23,246	-	1,197
	Stage 2	-	-	-	-	-
	Stage 3					
Subtotal		2,24,443	1,197	2,23,246	-	1,197
<b>Total</b>	<b>Stage 1</b>	<b>43,92,010</b>	<b>34,917</b>	<b>43,57,092</b>	<b>18,767</b>	<b>16,151</b>
	<b>Stage 2</b>	<b>1,71,881</b>	<b>49,238</b>	<b>1,22,643</b>	<b>11,109</b>	<b>38,129</b>
	<b>Stage 3</b>	<b>1,32,917</b>	<b>94,077</b>	<b>38,840</b>	<b>27,298</b>	<b>66,779</b>
	<b>Total</b>	<b>46,96,808</b>	<b>1,78,232</b>	<b>45,18,575</b>	<b>57,174</b>	<b>1,21,058</b>

1. Stage I includes impairment allowance towards loan designated as FVTOCI amounting to Rs. 18 lakh.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 58. Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

#### (i) Funding Concentration based on significant counterparty (borrowings)

Sr. No	Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
1	15	1965379*	0%	48%

\* Face Value of outstanding amount considered

Sr. No	Name of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
1	HDFC BANK LTD	4,35,917	0%	10.72%
2	STATE BANK OF INDIA	4,07,500	0%	10.02%
3	ICICI Bank	1,32,500	0%	3.26%
4	TATA CAPITAL LTD	1,27,558	0%	3.14%
5	WIPRO LIMITED	1,19,500	0%	2.94%
6	ADITYA BIRLA SUN LIFE MUTUAL FUND	1,18,550	0%	2.91%
7	LIFE INSURANCE CORPORATION OF INDIA	1,00,000	0%	2.46%
8	BANK OF INDIA	95,000	0%	2.34%
9	UNION BANK OF INDIA	90,000	0%	2.21%
10	KOTAK MUTUAL FUND	69,000	0%	1.70%
11	AXIS MUTUAL FUND	67,500	0%	1.66%
12	EDC - CANADA	55,869	0%	1.37%
13	SMBC - SINGAPORE	53,325	0%	1.31%
14	NIPPON LIFE INDIA MUTUAL FUND	50,500	0%	1.24%
15	MIZUHO BANK - SINGAPORE	42,660	0%	1.05%

#### (ii) Top 20 Large Deposits

Sr. No	Counterparty	Amount (in Rs. lakh)	% of total deposits
	Nil		

#### (iii) Top 10 Borrowing ( amounts to Rs. 13,73,500 lakh and 36% of total borrowings )

Sr. No.	Amount (Rs. In lakh)	% of total borrowings
1	1695525*	45%

\* Face Value of outstanding amount considered

Sr. No	Number of Significant Counterparties	Amount (in Rs. lakh)	% of Total deposits	% of Total Liabilities
1	HDFC BANK LTD	4,35,917	0%	12%
2	STATE BANK OF INDIA	4,07,500	0%	11%
3	ICICI Bank	1,32,500	0%	4%
4	TATA CAPITAL LTD	1,27,558	0%	3%
5	WIPRO LIMITED	1,19,500	0%	3%
6	ADITYA BIRLA SUN LIFE MUTUAL FUND	1,18,550	0%	3%
7	LIFE INSURANCE CORPORATION OF INDIA	1,00,000	0%	3%
8	BANK OF INDIA	95,000	0%	3%
9	UNION BANK OF INDIA	90,000	0%	2%
10	KOTAK MUTUAL FUND	69,000	0%	2%

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 58. Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

#### (iv) Funding Concentration based on significant instrument/product

Sr.No	Name of the instrument/product	Amount (Rs. In lakh)*	% of total liabilities
1	Non Convertible Debenture	19,57,168	48%
2	Bank Loans	11,35,698	28%
3	Commercial paper	3,14,500	8%
4	External Commercial Borrowing	2,09,619	5%
5	Inter Corporate Deposit	1,15,058	3%
	<b>Total</b>	<b>37,32,043</b>	

#### (v) Stock Ratios

Particulars	%
(a) Commercial papers as a % of total public funds	8.16%
(a) Commercial papers as a % of total liabilities	7.73%
(a) Commercial papers as a % of total assets	6.63%
(b)Non-convertible debentures (original maturity less than 1 year) as a % of total public funds	0.00%
(b)Non-convertible debentures (original maturity less than 1 year) as a % of total liabilities	0.00%
(b)Non-convertible debentures (original maturity less than 1 year) as a % of total assets	0.00%
(c)Other Short-term liabilities as a % of total public funds	40.78%
(c)Other Short-term liabilities as a % of total Liabilities	38.64%
(c)Other Short-term liabilities as a % of total Assets	33.15%

- (vi) The Company's Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors has established the Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

#### Footnotes :

- For the purpose of above disclosure, "Public Funds" i.e. Commercial papers and NCD's are shown at Face Value whereas total assets and total liabilities are shown at Carrying values.
- Total Liabilities refer to Total outside liabilities i.e. Balance sheet total excluding Share Capital and Reserves.
- Other Short term liabilities include Financial Liabilities and non financial liabilities payable within an year (Excluding CP maturity and NCD maturity of original tenor less than 1 year).

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

### 58. Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated November 4, 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

(vii) LCR framework under the liquidity risk management of the Tata Capital Financial Services Ltd. (TCFSL) is undertaken by the Market risk division in the Risk group under the central oversight of the Asset Liability Management Committee (ALCO) in accordance with the Board approved policies.

As per the RBI circular dated 4th Nov 2019 circular no RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 all non-deposit taking NBFCs with asset size of Rs.10,000 crore and above, and all deposit taking NBFCs irrespective of their asset size, shall maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. Road Map for NBFCs to adhere the LCR is as per the table (as prescribed by RBI).

From	01-Dec-20	01-Dec-21	01-Dec-22	01-Dec-23	01-Dec-24
Minimum LCR	50%	60%	70%	85%	100%

As per the above requirement, Tata Capital Financial Services Ltd is required to maintain LCR from 1 December 2020. Therefore, for the year ended 31 March 2021, the Company has disclosed the LCR for the period Q4-FY 21 as a simple average of the past 3 months and the standalone figure for the month Dec 2020.

LCR maintained: Starting in Dec 2020, LCR has been computed as per methodology prescribed in the RBI circular dated 4 November 2019. The LCR maintained for the month Dec 20 was at 61% (HQLA- Rs. 99,642 lakh) as against the requirement of 50% (HQLA - Rs. 82,268 lakh). For the quarter ended March 21, the simple average of the past three months was observed at 61% (HQLA- Rs. 109,922 lakh) against the requirement of minimum 50% (HQLA - Rs. 89,785 lakh). Thus the company was compliant with maintenance of stipulated LCR.

Main drivers to the LCR numbers: All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

Intra-period changes and changes over time: As per RBI guidelines, the company has been monitoring the LCR at monthly intervals for the period of Dec 20 to March 21. The maximum and minimum monthly required HQLA for regulatory compliance has been Rs. 99,015 lakh and Rs.74,804 lakh respectively for the period of Dec 20 to March 21.

Composition of HQLA: The HQLA maintained by TCFSL comprises Government securities (including Treasury bills) and cash balance maintained in current account. The details are given below.

- As on 1st Dec 2020, the HQLA (Rs. 99,642 lakh.) comprised of the government securities and T Bills.
- For the period Jan to March 2021, the average HQLA of (Rs. 109,922 lakh) comprised of Rs. 3,552 lakh in cash and remaining Rs. 106,370 Lakh from government securities and T bill.

#### Concentration of funding sources:

The company maintains diversified sources of funding comprising short/long term loans from banks, NCDs, sub-ordinated and perpetual debt, ECBs and CPs. The funding pattern is reviewed regularly by the management.

#### Derivative exposures and potential collateral calls:

As on 31st March, the company has fully hedged interest and principal outflows on the foreign currency ECBs. ECBs constitutes no more than 5.6% of the total borrowings as on 31st March, 2021. Hence, derivative exposures are considered NIL.

**Currency mismatch in LCR:** There is NIL mismatch to be reported in LCR as on 31st March 2021 since FCY ECBs are fully hedged for the corresponding interest and principal components. With respect to Letters of credits and buyers credit, the Company does a monthly assessment to evaluate the net outflows or inflows and if material the same is considered in the LCR computation. For the month of March 21, the Company has assessed the impact to be immaterial.

**Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile.** NIL as on 31st March.

Detailed LCR template is presented below according to the format given in RBI circular mentioned above under Appendix I.

Sr. No.	Description	Three months ended Mar 31, 2021		For month ended Dec 20	
		Total Unweighted Value (average)	Total weighted Value (average)	Total Unweighted Value	Total weighted Value
<b>High Quality Assets</b>					
1	Total High Quality Assets (HQLA)	1,09,922	1,09,922	99,600	99,642
<b>Cash Outflows</b>					
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	1,10,167	1,26,692	75,100	86,365
4	Secured wholesale funding	86,161	99,085	72,500	83,375
5	Additional requirements, of which	3,99,524	4,59,453	4,08,500	4,69,775
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	3,99,524	4,59,453	4,08,500	4,69,775
6	Other contractual funding obligations	28,741	33,053	16,200	18,630
7	Other contingent funding obligations	-	-	-	-
8	<b>TOTAL CASH OUTFLOWS</b>	<b>6,24,593</b>	<b>7,18,282</b>	<b>5,72,300</b>	<b>6,58,145</b>
<b>Cash Inflows</b>					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	3,16,873	2,37,655	3,03,700	2,27,775
11	Other cash inflows	7,34,931	5,51,198	7,59,100	5,69,325
12	<b>TOTAL CASH INFLOWS</b>	<b>10,51,804</b>	<b>7,88,853</b>	<b>10,62,800</b>	<b>7,97,100</b>
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>	
13	<b>TOTAL NET CASH OUTFLOWS</b>	1,79,571		1,64,536	
14	<b>Minimum HQLA required to be maintained by TCFSL for compliance (50% of net cash outflow)</b>	89,785		82,268	
15	<b>TOTAL HQLA (Maintained)</b>	1,09,922		99,642	
16	<b>LIQUIDITY COVERAGE RATIO (%)</b>	61%		61%	

Note:

\* Inflows from fully performing exposures includes both secured and unsecured lending.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

59. Disclosure pursuant to Reserve Bank of India notification RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 pertaining to Resolution Framework for COVID-19-related Stress

(Rs. in lakh except number of accounts)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan**
Personal Loans <sup>^</sup>	2,859	35,735	-	-	4,374
Corporate persons <sup>*</sup>	377	13,046	-	-	1,432
Of which, MSMEs	146	5,622	-	-	560
Others	841	14,371	-	-	1,858
<b>Total #</b>	<b>4,077</b>	<b>63,151</b>	-	-	<b>7,664</b>

<sup>^</sup>As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

# Out of 4,077 number of accounts, 404 accounts having exposure of Rs. 4,866 lakh and incremental provision of Rs. 541 lakh are the accounts where borrowers have not opted for restructuring. However, the Company has prudently made incremental provision on these accounts considering the common borrower concept. i.e. if one of the account of the borrower has been restructured under Resolution Framework for COVID-19-related, similar treatment has been given for all the other accounts of the borrower whether restructured or not.

<sup>\*</sup>As defined in circular no. RBI/2017-18/117 DBR.No.BP.BC.99/08.13.100/2017-18 dated January 04, 2018.

\*\* Refer note no. 35(A)(iii) under Modified financial assets.

## Tata Capital Financial Services Limited

### Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

- 60. Disclosure pursuant to Reserve Bank of India notification RBI/2018-19/100 DBR.No.BP.BC/18/21.04.048/2018-19 dated January 01, 2019 pertaining to Micro, Small and Medium Enterprises (MSME) Sector-Restructuring of Advances**

No of Account restructured	Amount (Rs. in Millions)
409	1,562

Note: The above amount denotes exposure to MSME accounts before implementation of Restructure plan.

# Tata Capital Financial Services Limited

## Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2021

(Rs. in lakh)

61. In accordance with the RBI circulars on COVID-19 Regulatory Package dated March 27, April 17 and May 23, 2020, the Company had granted a moratorium of up to six months on payment of instalments, falling due between March 1, 2020 and August 31, 2020 to eligible borrowers as per the Company's policy approved by the Board. For all such accounts where the borrower has been granted moratorium, the asset classification remained standstill during the moratorium period (i.e. the number of days past-due ('DPD') shall exclude the moratorium period for the purposes of staging).  
During the year ended March 31, 2021, the aggregate outstanding of the borrowers to whom moratorium was extended amounted to Rs.2,25,174 lakh. Due to the moratorium benefit the overdues of these borrowers were ranging between DPD 1-89 days and these have been classified as standard as at March 31, 2021. Of the above, borrower accounts worth Rs. 63,498 lakh (including accrued interest of Rs. 524 lakh), were accounts where, in accordance with the abovementioned COVID-19 Regulatory Package the asset classification benefit was extended (accounts not classified as Stage 3) at March 31, 2021.  
The Company has assessed its Expected Credit Loss in line with the RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Accordingly, no impairment reserve is required to be created and no provision is adjusted during the respective accounting periods against slippages and the residual provisions as required in RBI circulars on COVID-19 Regulatory Package stated above.
62. Consequent to the outbreak of the COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. This may lead to a rise in the number of borrowers defaults and consequently an increase in corresponding provisions. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Company's performance will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.  
The Company has assessed the potential impact of COVID-19 on the carrying value of its assets based on relevant internal and external factors / information available, upto the date of approval of these financial statements. In order to cover the impact of COVID-19 on the future expected credit losses, the Company is carrying a provision of Rs. 10,600 lakh as on March 31, 2021. (For the year ended March 31, 2020 Rs 18,000 lakh).
63. RBI circular dated April 7, 2021 advised all lending institutions to put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 01, 2020 to August 31, 2020 in conformity with the Supreme Court judgement dated March 23, 2021 ("Supreme Court judgement"). Further, the circular stated that in order to ensure that the Supreme Court judgement is implemented uniformly in letter and spirit by all lending institutions, methodology for calculation of the amount to be refunded/adjusted for different facilities shall be finalised by the Indian Banks Association ("IBA") in consultation with other industry participants/bodies, which shall be adopted by all lending institutions and also advised all lending institutions to disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial results for the year ended March 31, 2021.  
The IBA has released clarification on identification of borrowers and the calculation methodology of the amount to be refunded/adjusted vide letter CIB/ADV/MBR/9833 dated April 19, 2021. The Company is in the process of assessing the impact of the IBA clarification. However the Company has made an estimation of the said amount and has recognised an interest reversal of Rs. 5,660 lakh in its Statement of Profit and Loss Account for the year ended March 31, 2021.
64. The Parliament has approved the Code on Social Security, 2020 ('Code') which may impact the contribution by the Company towards Provident Fund and Gratuity. The effective date from which the Code and its provisions would be applicable is yet to be notified and the rules which would provide the details based on which financial impact can be determined are yet to be framed after which the financial impact can be ascertained. The Company will complete its evaluation and will give appropriate impact, if any, in the financial statements following the Code becoming effective and the related rules being framed and notified.
65. Dividend Distribution Tax ("DDT") as required under Section 115-O of the Income Tax Act, 1961 has been abolished from FY 2020-21 onwards. The Company has paid DDT of Rs. 1,568 lakh in FY 2019-20.
66. The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, announced a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether moratorium as per RBI regulatory package was availed or not. The Company has implemented the Scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme, amounting to Rs. 2,379 lakh. The Company has filed its claim for the ex-gratia with State Bank of India as per the Scheme.



67. In view of the Honourable Supreme Court of India interim order dated September 3, 2020 (Public Interest Litigation (PIL) by Gajendra Sharma Vs Union of India & ANR), no additional borrower accounts were classified as impaired (non-performing assets (NPA)), which were not declared non-performing till August 31, 2020. Basis the said interim order the Company had not classified any additional borrower account as NPA as per RBI or other regulatory prescribed norms, after August 31, 2020 which were not NPA as of August 31, 2020.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Company has complied with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

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 Financial Services Limited**

**Akeel Master**

*Partner*

Membership No: 046768

**Rajiv Sabharwal**

*(Director)*

(DIN No. : 00057333)

**F.N. Subedar**

*(Director)*

(DIN No. : 00028428)

**Anuradha E. Thakur**

*(Director)*

(DIN No. : 06702919)

Mumbai

April 22, 2021

**Varsha Purandare**

*(Director)*

(DIN No. : 05288076)

**Sarosh Amaria**

*(Managing Director)*

(DIN No. : 08733676)

**Jaykumar Shah**

*(Chief Financial Officer)*

**Sonali Punekar**

*(Company Secretary)*