



TATA CAPITAL FINANCIAL SERVICES LIMITED

Annual Report 2021-22

Corporate Information

Board of Directors	Mr. Rajiv Sabharwal - Chairman Mr. Farokh N. Subedar Ms. Anuradha E. Thakur Ms. Varsha Purandare Mr. Sarosh Amaria - Managing Director
Chief Financial Officer	Mr. Jaykumar Shah
Company Secretary	Ms. Sonali Punekar
Joint Statutory Auditors	M/s Walker Chandiok & Co LLP M/s M M Nissim & Co. LLP
Registered Office	11 th floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013
Corporate Identification Number	U67100MH2010PLC210201

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BOARD'S REPORT**To the Members,**

The Board has pleasure in presenting the Twelfth Annual Report and the Audited Financial Statements of the Company for the Financial Year ("FY") ended March 31, 2022.

1. BACKGROUND

Tata Capital Financial Services Limited ("Company" or "TCFSL") is a wholly-owned subsidiary of Tata Capital Limited ("TCL") and is a Systemically Important Non-Deposit taking Non-Banking Financial Company ("NBFC-ND-SI"), holding a Certificate of Registration dated November 4, 2011, from the Reserve Bank of India ("RBI").

The Company is headquartered in Mumbai and has a wide network of 201 offices across India.

2. FINANCIAL RESULTS**2.1 Standalone Results**

The performance of the Company for the Financial Year ended March 31, 2022, on a Standalone basis is, summarized below:

(Rs. in crore)

Particulars	FY 2021-22	FY 2020-21
Gross Income	6,287	5,995
Less:		
Finance Costs	2,833	2,899
Impairment on financial instruments	890	1,013
Employee benefits expense	551	438
Depreciation and amortisation and impairment	260	320
Other expenses	674	500
Profit Before Tax	1,080	825
Less: Provision for Tax	263	148
Profit After Tax	817	677
Other comprehensive income	36	(11)
Less: Tax on other comprehensive income	(9)	3
Other comprehensive income attributable to owners of the Company	27	(8)
Total comprehensive income attributable to owners of the Company	844	669
Amount brought forward from previous year	794	410
Ind AS 116 transition impact net of tax	-	-
Amount available for appropriation	1,638	1,079
Appropriations:		
Special Reserve Account	163	135
Interim Dividend on Equity Shares (Including Tax on Dividend)	121	150
Surplus carried to Balance Sheet	1,354	794

- 2.1.1 The Company's book size increased by Rs. 11,068 crore from Rs. 45,101 crore in FY 2020-21 to Rs. 56,169 crore in FY 2021-22. Gross Income increased by 5% and stood at Rs. 6,287 crore (FY 2020-21: Rs. 5,995 crore). The Company's Profit Before Tax was Rs. 1,080 crore (FY 2020-21: Rs. 825 crore) and the Profit After Tax increased by about 21% to Rs. 817 crore (FY 2020-21: Rs. 677 crore). The impairment on financial instruments stood at Rs. 890 crore (FY 2020-21: Rs. 1,013 crore).
- 2.1.2 The Net Interest Margin ("NIM") for FY 2021-22 increased by 19% and stood at Rs. 2,766 crore (FY 2020-21: Rs. 2,323 crore). During the year, the Company had a Cost to Income Ratio of 42.6% (FY 2020-21: 41%). As at March 31, 2022, the Gross and Net Non-Performing Assets ("NPAs") were at 2.2% and 0.5%, respectively compared to 3.0% and 0.9% respectively as at March 31, 2021. The Provision Coverage Ratio ("PCR") for FY 2021-22 stood at 78.8% (FY 2020-21: 70.8%). The Return on Assets and Return on Equity ratio for the year ended March 31, 2022, were at 1.7% and 11.7%, as against 1.6% and 10.5%, for the year ended March 31, 2021, respectively.
- 2.1.3 During FY 2021-22, no amount was transferred to the Company's Debenture Redemption Reserve ("DRR") since, as at March 31, 2022, the DRR balance stood at Rs. 300 crore, which is in excess of the limits prescribed under the Companies Act, 2013 ("Act"), for maintaining DRR by NBFCs on its debentures issued to the Public.
- 2.1.4 As required under Section 45IC of the Reserve Bank of India Act, 1934, 20% of the profits are required to be transferred to a Special Reserve Account. An amount of Rs. 163.44 crore (FY 2020-21: Rs. 135.40 crore), has been transferred to the said Reserve. An amount of Rs. 533.14 crore has been carried to the Balance Sheet, as Surplus to Profit and Loss account.

2.2 Consolidated Results

As on March 31, 2022, the Company had three associate companies. The performance of the Company for the Financial Year ended March 31, 2022, on a consolidated basis is, summarized below:

(Rs. in crore)

Particulars	FY 2021-22	FY 2020-21
Gross Income	6,287	5,995
Less:		
Finance Costs	2,833	2,899
Impairment on financial instruments	890	1,013
Employee benefits expense	551	438
Depreciation and amortisation and impairment	260	320
Other expenses	674	500
Profit Before Tax	1,080	825
Less: Provision for Tax	263	148
Profit After Tax	817	677

Particulars	FY 2021-22	FY 2020-21
Add: Share of net profit of associates using equity method	1	(2)
Profit attributable to owners of the Company	818	675
Other comprehensive income	36	(11)
Less: Tax on other comprehensive income	(9)	3
Other comprehensive income attributable to owners of the Company	27	(8)
Total comprehensive income attributable to owners of the Company	845	667
Amount brought forward from previous year	792	411
Ind AS 116 transition impact net of tax	-	-
Amount available for appropriation	1,637	1,078
Appropriations:		
Special Reserve Account	163	136
Interim Dividend on Equity Shares (Including Tax on Dividend)	121	150
Surplus carried to Balance Sheet	1,353	792

3. SHARE CAPITAL

The Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2022 was Rs. 16,59,87,21,000 consisting of 1,65,98,72,100 Equity Shares of Rs. 10 each. The entire Equity Share Capital of the Company is held by TCL and its nominees.

During FY 2021-22, the Company offered, issued and allotted 2,99,40,119 Equity Shares Rs. 10 each on March 25, 2022, at a premium of Rs. 90.20 per Equity Share, aggregating Rs. 299.99 crore, on a 'Rights Basis' to TCL.

4. DIVIDEND

4.1. Interim Dividend

The details of Interim Dividend declared by the Company on 1,62,99,31,981 Equity Shares, in FY 2021-22 is, as under:

- (i) The Board of Directors vide a Resolution passed by Circulation on September 17, 2021, declared an Interim Dividend of Rs. 0.25 per Equity Share, aggregating Rs. 40.75 crore; and
- (ii) At the Meeting of the Board of Directors held on March 17, 2022, the Board of Directors of the Company declared an Interim Dividend of Rs. 0.49 per Equity Share, aggregating Rs. 79.87 crore.

4.2. Final Dividend

In order to conserve resources, the Board does not recommend payment of any Final Dividend on the Equity Shares for FY 2021-22.

5. REVIEW OF OPERATIONS OF THE COMPANY

5.1. Corporate Finance (“CF”)

CF specialises in product offerings ranging from Term Loans, Working Capital Term Loans, Channel Finance, Bill Discounting, Equipment Finance, Leasing Solutions, Lease Rental Discounting, Promoter Finance, Loan Against Securities and Structured Products. This Business serves over 4,000 live customers through its business verticals viz. Large Corporate, Mid Corporate, Emerging Corporate and Government Business. All the verticals are supported by the respective product teams, which help these verticals in extending the right product mix to the customer. Further, a Syndication and Structured Finance team supports all the business verticals, with special focus on debt syndications, down selling and structured transactions.

For FY 2021-22, CF ended with a book of Rs. 30,000 crore as compared to Rs. 22,961 crore at the end of FY 2020-21. The Term Loan and Structured Finance product was the largest contributor of portfolio aggregating Rs. 15,101 crore (FY 2020-21: Rs. 12,014 crore).

During FY 2021-22, CF disbursed funds aggregating Rs. 1,16,916 crore (FY 2020-21: Rs. 75,754 crore) through its diverse customer centric product offerings. CF was able to maintain the profitability by increasing interest margins and improving fee income.

CF has also pioneered itself by adding focus on digital lending in supply chain finance, vendor financing, and equipment financing business. Majority of new customers are onboarded digitally in these products. Also, with an industry first unique platform, Enterprise Web Portal, 92% of channel finance customers are able to self-serve. CF is actively learning from the FinTech Industry through tie-ups for enhancing its capabilities and simplifying customer journey. Niche leasing business is one of the strongest suites of CF.

CF is committed to being a complete financial solutions partner to its customers, through high quality service levels and innovative products, which provides value to its customers.

5.2. Retail Finance (“RF”)

RF offers a wide range of Consumer Loans, such as Auto Loans (Used Car Loans and Two Wheeler Loans), Business Loans, Loans Against Property, Personal Loans, Consumer Durables Loans, Loans Against Securities, Construction Equipment (“CEQ”) Finance and Micro Finance Loans. Disbursements in FY 2021-22 aggregated Rs. 21,245 crore as compared to Rs. 10,288 crore in FY 2020-21. Disbursements of high margin products constituted 51% of overall RF disbursements during FY 2021-22.

As at March 31, 2022, RF's closing book stood at Rs. 26,169 crore (FY 2020-21: Rs. 22,141 crore). Increasing share of digital business and from developed markets was one of the key drivers for business growth.

The overall change in product mix with growth in high margin products during FY 2021-22 along with a reduction in cost of borrowings, resulted in an increase in Net Interest Margin ("NIM") from 6.7% in FY 2020-21 to 7.4% in FY 2021-22.

CEQ Business continued to be amongst the top five players in the industry due to strong Original Equipment Manufacturers tie-ups and retention of the customers.

As at March 31, 2022, the Assets Under Management of the Wealth Management business was Rs. 3,561 crore compared to Rs. 2,889 crore in FY 2020-21.

Tata Cards, a white label credit card in partnership with SBI Cards and Payments Services Limited, has nearly 2.6 lakh cards in force as at March 31, 2022 (nearly 2.7 lakh cards as at March 31, 2021). Retail Loan Against Shares portfolio increased by 93% from Rs. 609 crore in FY 2020-21 to Rs. 1,174 crore in FY 2021-22.

6. OVERVIEW OF SUBSIDIARIES AND ASSOCIATES

As on March 31, 2022, the Company did not have any subsidiary company.

As on March 31, 2022, the Company holds investment in Fincare Business Services Limited, TVS Supply Chain Solutions Limited and Fincare Small Finance Bank Limited and these are classified as Associates since the test of significant influence over the investee is complied. During FY 2021-22, Shriram Properties Limited ceased to be Associate of the Company with effect from December 22, 2021.

The Company has elected to carry the investment at cost as per the choice provided by Ind AS 27 in the Standalone Financials. In the Consolidated Financials, the total loss pickup (including other comprehensive income) from these associates are Rs. 0.53 crore for the year ended March 31, 2022 (For the year ended March 31, 2021: Rs. 2.36 crore).

7. CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the provisions of Section 129(3) of the Act, the Consolidated Financial Statements of the Company are included in the Annual Report. A separate statement, containing the salient features of the Financial Statements of the Associate companies, in the prescribed Form No. AOC-1, is also included in the Annual Report at Page No. 222.

The Financial Statements of the Company, including the Consolidated Financial Statements, are also available on the website of the Company, www.tatacapital.com.

8. FINANCE

During FY 2021-22, the Company met its funding requirements through a combination of Short Term debt (comprising Commercial Papers, Inter-Corporate Deposits (“ICDs”) and Bank Loans) and Long Term debt (comprising Non-Convertible Debentures (“NCDs”), Bank Loans and External Commercial Borrowings (“ECBs”).

The Company had also issued NCDs on a private placement basis, during FY 2021-22, under the following categories:

(Rs. in crore)	
Category	Amount
Secured Redeemable NCDs	5,369
Subordinated NCDs	650
Perpetual NCDs	100

The aggregate debt outstanding as at March 31, 2022 was Rs. 49,082.37 crore (of which, Rs. 19,735.09 crore was payable within one year). The Debt / Networth ratio as on March 31, 2022 was 6.49 times. The Company has been regular in servicing all its debt obligations.

9. CREDIT RATING

During the year under review, Rating Agencies reaffirmed / issued ratings to the Company, as under:

NATURE OF SECURITIES	RATING AGENCY	RATING
Commercial Paper	ICRA, CRISIL and INDIA RATINGS	[ICRA] A1+, CRISIL A1+ , IND A1+ (Short Term)
Bank Loan	ICRA	[ICRA] A1+ (Short Term)
Secured NCDs on a private placement basis, Secured NCDs issued to Public, NCDs by way of Subordinated Debt and Bank Loan	ICRA	[ICRA] AAA / Stable (Long Term)
Unsecured NCDs by way of Perpetual Debt	ICRA	[ICRA] AA+ / Stable
Secured NCDs on a private placement basis, Secured NCDs and Unsecured NCDs by way of Subordinated Debt issued to Public and Bank Loan	CARE	CARE AAA; Stable
Unsecured NCDs by way of Perpetual Debt	CARE	CARE AA+; Stable
Secured NCDs on private placement basis, Secured NCDs and Unsecured NCDs by way of Subordinated Debt issued to Public and Unsecured NCDs on private placement basis	CRISIL	CRISIL AAA / Stable
Market Linked Debentures	CRISIL	CRISIL PPMLD AA+ / Stable
Unsecured NCDs by way of Perpetual Debt	CRISIL	CRISIL AA+
Bank Loan	INDIA RATINGS	IND AAA / Outlook Stable

10. RISK MANAGEMENT

The Company has built a robust risk management framework with strong risk fundamentals and continues to monitor the internal and external risks arising out of macro-economic factors, regulatory changes and geo-political scenario. The Board of Directors has set the tone at the top by laying down and approving the strategic plans and objectives for Risk Management and Risk Philosophy. The Risk Management Committee of the Board has the responsibility relating to monitoring and reviewing risks.

A comprehensive Enterprise Risk Management (“ERM”) Framework has been adopted by the Company which uses defined Key Risk Indicators based on quantitative and qualitative factors. A two-dimensional quantitative data management tool - Heat Map – has been implemented, which enables the Management to have a comprehensive view of various identified risk areas based on their probability and impact.

Changes in internal and external operating environment, digitalization, technological advancements and agile way of working have increased the significance of Fraud, Information & Cyber Security and Operational Risks. The Company continues to focus on increasing operational resilience and mitigation of these risks.

11. INTERNAL FINANCIAL CONTROLS

The Management has laid down set of standards, processes and structure which enables to implement internal financial controls across the organization with reference to financial statements and that such controls are adequate and are operating effectively. Internal Financial control framework has been established in line with the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) and Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the ‘Guidance Note’).

During FY 2021-22, testing was conducted basis process walkthrough and review of samples as per documented controls in the Risk & Control matrix. Testing is done for each of the controls confirming the existence and operating effectiveness of controls over financial reporting. Review was performed on design, adequacy and operating effectiveness of the controls.

During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

12. INFORMATION TECHNOLOGY SUPPORT

The Company has continued to invest into cutting edge technologies to drive its core system modernization, digital and data initiatives. The Company has further enhanced its core systems and built additional integrations with FinTech partners. This is in line with the Company’s endeavour to drive best in class customer experience and drive operational efficiencies.

The Company has gone live with cloud based Micro Finance platform, an integrated solution supporting Loan Origination, Loan Management and Collections along with mobile solution. This solution has helped the Company in achieving its first milestone of 100 crore book in March 2022. The Company is also working on integrating this solution with Data Lake and Self Service channels.

The Technology team modified/changed/upgraded the required software assets to cater to the regulatory changes introduced by the Regulator with respect to Moratorium, Restructuring, Refund of Interest to customers, Asset Class upgrade and Non Performing Asset provisioning, within the applicable timeframe to ensure regulatory compliance through automation.

The Company continues to enhance its Digital platform for both the Retail and the Corporate businesses. The Use of Robotic Process Automation, Artificial Intelligence and Machine Learning has been a key focus area to drive business growth, automate processes, improve productivity and enhance customer experience.

The Company has successfully adopted Work From Home and Work From Anywhere technologies during COVID-19 – Phase 2/3 pandemic. The Company has invested into necessary InfoSec tools to support the same.

The IT Policies and Procedures are reviewed periodically.

13. DIGITAL PLATFORM AND ANALYTICS

During FY 2021-22, the Company accelerated its digital transformation to achieve business growth, drive customer centricity and attain operational excellence.

The Company deepened its focus on building new digital platforms and improved direct - to - customer journeys to drive growth across businesses. The share of business from digital channels grew significantly over the year. Further, digital-only products and services paved the way for new opportunities to increase customer reach and connect.

For the commercial lending business, Sugam loans was launched for Tier 2 retailers and distributors. This digital-only product offering is also a new area of business for the Company and will provide further opportunities for growth within a new customer segment. Customer service platforms were also strengthened, with features introduced for leasing customers and new service requests added. New channels for servicing such as WhatsApp based servicing was also added for commercial loan customers.

For retail lending products, existing digital offerings were enhanced with industry leading features. Real time sanctions are available for personal, business and home loan products, for both new and existing customers of the Company. During FY 2021-22, the Company also launched Loan against shares and Mutual funds which enables seamless on-boarding and servicing journeys for customers. This includes industry first features such as multi Depository Participant pledging. New features were also added for Wealth

management customers to ensure real time servicing and connecting with their Relationship Managers.

Synergies with the Tata Group eco-system as well as with fintech players continued to play a pivotal role in the Company's growth journey. A key partnership that was worked on was that with Tata Digital. Products such as EMI Cards and Personal Loans were launched on the 'Tata Neu' platform. In addition to this, new avenues were created to increase cross selling opportunities of various Tata Group products including insurance and mutual funds. On the commercial lending side too, partnerships with group companies for working capital loans played an important role for disbursement growth. In addition, partnerships with other leading fintech players for both business generation as well as process & data augmentation led to growth as well as operational efficiencies. On customer service, the objective remained to enhance self-service and migrate a large proportion of customer servicing and debt servicing to digital platforms and channels. The newer channels such as chat bots continued to gain traction and saw significant usage. Efforts were also made to digitalize the debt servicing function. As part of this, new channels of payment including Unified Payment Interface based payments, Bharat Bill Payment Service (BBPS) and others were launched. Collection from digital channels saw an increase over the year. An end-to-end automated communication framework was also created for the debt servicing function. This ensured the use of micro-segmentation to reach customers through their preferred channels and led to enhanced efficiency in the collection process. The use of robotics process automation for back-office processes continued over the year. New processes were identified for automation and the use of robotics helped enhance productivity and reduce costs.

Finally, the use of data analytics was enhanced across the lending value chain starting from customer acquisition to portfolio monitoring and debt servicing. The use of scorecards for underwriting increased during the year. Use of data science for risk and portfolio monitoring remained an important level to control credit losses. Analytics was also used effectively to help in customer retention, to improve NPS scores and in debt servicing.

The Company will continue to make investments in new technologies to seek opportunities for growth. The Company will nurture innovation to build new capabilities, build products and services through digital. The endeavour for the future will be to enable the Company to thrive in a digital environment and create new benchmarks in the financial services sector.

14. TATA BUSINESS EXCELLENCE MODEL

Tata Capital continues to enhance its capabilities and processes in keeping with market and regulatory changes, using the framework of the Tata Business Excellence Model ("TBEM") (based on Baldrige Criteria, USA), which covers aspects of Leadership and Governance, Strategic Planning, Customer Focus, Measurement, Analysis and Knowledge Management, Workforce Focus and Operations Focus. Tata Capital participated in its seventh TBEM external assessment conducted by the Tata Business Excellence Group, a division of Tata Sons Private Limited, between

July to December 2020. The Corporate Finance and Retail Finance verticals of the Company were placed in the 551-650 score band, which indicates the level of “Emerging Industry Leader” with an absolute score of 633 and 592, respectively. This reflects a significant improvement in the journey of Excellence.

The assessment provided the Company and its Businesses with important granular feedback in terms of its current strengths and opportunities for improvements to work towards in the coming year. Key strengths indicated in the TBEM 2020 Assessment were the (i) Organization’s alignment with its Vision and the building of capability and structure for achieving the Vision, (ii) Focus on building a quality book and (iii) Risk Management, Internal Audit and Governance mechanisms.

In FY 2021-22, Tata Capital chose not to undergo TBEM Assessment and instead work upon the feedback of TBEM 2020 Assessment. The Company has implemented many improvement initiatives involving people, process, digitization and technology over the last few years. These include process simplification, re-engineering and automation for improving its operational focus in order to enhance customer satisfaction and improve internal efficiencies with an objective to gain a competitive advantage. Many practices of Tata Capital have been recognized as Group wide Best Practices consistently in the last many years.

15. CORPORATE SOCIAL RESPONSIBILITY

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

The Company too follows the Group’s belief that our society can truly progress, if every individual is included and empowered in the journey of development. To guide us in this journey, the Company has a well-defined CSR Policy which outlines the thrust areas of development, viz. Education, Skill Development, Climate Action and Health, as adopted by the CSR Committee and the Board of Directors of the Company.

The CSR policy of the Company is available on the Company’s website at https://www.tatacapital.com/content/dam/tata-capital/pdf/tcfs/regulatory-policies/CSR_Policy_TCFSL.pdf.

For FY 2021-22, the CSR budget of the Company was Rs. 1,276 lakh, this being two percent of the average net profit of the Company, in the three immediately preceding financial years, calculated as per Section 198 of the Act read with the Companies (CSR Policy) Rules, 2014. The budget was spent towards projects and programmes covered under Schedule VII to the Act, as approved by the CSR Committee of the Board and the Board of Directors. The Annual Report on the CSR activities is annexed herewith as Annexure ‘A’.

To conceptualise and implement the projects, the Company follows a robust process including appraising and selecting technically sound NGOs, planning the project based on baseline assessment, creating a project plan for implementation and monitoring and

evaluation mechanisms. This helps to bring the desired positive and measurable results for the target beneficiaries.

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

16. COMPLIANCE

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

With respect to provisioning of NPAs, the Company follows stricter norms than those prescribed by RBI. The Capital to Risk Assets Ratio of the Company is 17.25% as on March 31, 2022, which is more than the prescribed minimum of 15%.

The NCDs issued by the Company to the public are listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") and the NCDs issued on a private placement basis are listed on the Wholesale Debt Market segment of NSE. Accordingly, the Company has also complied with and continues to comply with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021. Further, SEBI vide its notification SEBI/LAD-NRO/GN/2021/47, issued on September 7, 2021, amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and made Regulation 15 to 27 applicable to the Debt Listed companies having an outstanding value of listed Non-Convertible debt securities of Rs. 500 crore and above on comply or explain basis till March 31, 2023. Accordingly, the aforesaid Regulations have become applicable to the Company.

17. DEPOSITS

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

18. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

The details of investments made by the Company are given in the Notes to the Financial Statements.

19. DIRECTORS

During the year under review, there was no change in composition of the Board of Directors.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Rajiv Sabharwal (DIN: 00057333), Non – Executive Director, is liable to retire by rotation at the ensuing Annual General Meeting (“AGM”) and is eligible for re-appointment.

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

Pursuant to the ‘Fit and Proper’ Policy adopted by the Company under the RBI Master Directions for NBFCs, the Company has received the ‘Fit and Proper’ declaration from Mr. Sabharwal for his re-appointment as a Director of the Company, which has been taken on record by the Nomination and Remuneration Committee (“NRC”).

The Company has received declarations from the Independent Directors viz. Ms. Anuradha E. Thakur (DIN: 06702919) and Ms. Varsha Purandare (DIN: 05288076) stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and that they hold the highest standards of integrity. In terms of Section 150 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors of the Company have registered themselves with the data bank of Independent Directors created and maintained by the Indian Institute of Corporate Affairs, Manesar.

20. NUMBER OF MEETINGS OF THE BOARD

Eight (8) meetings of the Board were held during the year. For details of meetings of the Board, please refer to the Corporate Governance Report, which forms part of this Annual Report.

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

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

The Board of the Company followed the criteria as specified in the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India (“SEBI”) for evaluating the performance of the Board as a whole, Committees of the Board, Individual Directors and the Chairman. The criteria for evaluation of the Board as a whole, *inter*

alia, covered parameters such as Structure of the Board, Meetings of the Board, Functions of the Board and Board & Management. The criteria for evaluation of Individual Directors covered parameters such as knowledge and competency, fulfillment of functions, ability to function as a team, etc. The criteria for evaluation of the Board Committees covered areas related to mandate and composition, effectiveness of the Committee, structure of the Committee and meetings, etc.

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

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

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

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

The Policy on Board Diversity and Director Attributes has been framed to encourage diversity of thought, experience, knowledge, perspective, age and gender in the Board and to have in place, a transparent Board nomination process. This Policy is made available on the Company's website at <https://www.tatacapital.com/content/dam/tata-capital/pdf/tcfsi/regulatory-policies/Board%20Diversity%20Policy%20and%20Director%20Attributes.pdf>.

The Remuneration Policy for Directors, KMPs and all other employees is aligned to the philosophy on the commitment of fostering a culture of leadership with trust.

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

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

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

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

The Remuneration Policy of the Company is made available on the Company's website at https://www.tatacapital.com/content/dam/tata-capital/pdf/tcfs/regulatory-policies/TCFSL-Remuneration_Policy.pdf.

The Company has also adopted a 'Fit and Proper' Policy for ascertaining the 'fit and proper' criteria to be adopted at the time of appointment of directors and on a continuing basis, pursuant to the RBI Master Directions for NBFCs. The Company has received the 'Fit and Proper' declarations from all the Directors of the Company in April 2022, which have been taken on record by the NRC.

23. KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Act, Mr. Sarosh Amaria, Managing Director, Mr. Jaykumar Shah, Chief Financial Officer and Ms. Sonali Puneekar, Company Secretary are the Key Managerial Personnel of the Company.

24. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors, including audit of internal financial controls over financial reporting by the Statutory Auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2021-22.

Accordingly, pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a) in the preparation of the annual accounts, Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act, guidelines issued by Regulators as applicable to an NBFC and other accounting principles generally accepted in India have been followed and that there are no material departures therefrom.
- b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and

- fair view of the state of affairs of the Company at the end of the financial year and of the profit and cash flows of the Company for the year;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - d) they had prepared the annual accounts on a going concern basis;
 - e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively; and
 - f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

There were Nil frauds reported by the Auditors under Section 143(12) of the Act.

25. VIGIL MECHANISM

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

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

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

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

During FY 2021-22, under the provisions of the POSH Act, 2 (two) complaints were received and resolved.

27. AUDIT COMMITTEE

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance Report, which forms part of this Annual Report.

28. STATUTORY AUDITORS

M/s B S R & Co. LLP, Chartered Accountants (“BSR”) (ICAI Firm Registration Number: 101248W/W-100022) were appointed as the Statutory Auditors of the Company at the Annual General Meeting (“AGM”) of the Company held on August 21, 2017, for a term of five consecutive years commencing from conclusion of the seventh AGM upto the conclusion of the Twelfth AGM to be held in the year 2022. The Reserve Bank of India (“RBI”) vide its Circular dated April 27, 2021 issued Guidelines for Appointment of Statutory Central Auditors (“SCAs”) / Statutory Auditors (“SAs”) of Commercial Banks (excluding Regional Rural Banks), Urban Co-operative Banks (“UCBs”) and Non-Banking Financial Companies (“NBFCs”) (including Housing Finance Companies) (“RBI Guidelines”).

In terms of the aforementioned RBI Guidelines, the Statutory Auditors who have completed a tenure of 3 years cannot continue to hold office as Statutory Auditors, even though they may not have completed their present tenure as approved by the Members of the said entity. Accordingly, BSR resigned as Statutory Auditors of the Company with effect from November 12, 2021. Further, the RBI Guidelines stipulated that for entities with asset size of Rs. 15,000 crore and above as at the end of previous year, the statutory audit should be conducted under joint audit of a minimum of two audit firms.

Accordingly, pursuant to the RBI Guidelines and based on the recommendation of the Audit Committee, the Board of Directors of the Company at its Meeting held on October 21, 2021, approved the appointment of M/s Walker Chandiook & Co LLP, Chartered Accountants (ICAI Firm Registration Number: 001076N/N500013) and M/s M M Nissim & Co. LLP, Chartered Accountants (ICAI Firm Registration Number: 107122W/W100672) as the Joint Statutory Auditors of the Company with effect from November 12, 2021 for a period of three consecutive years viz. FY 2021-22, FY 2022-23 and FY 2023-24, subject to the approval of the Members of the Company. Pursuant to Section 139(8)(i) of the Companies Act, 2013 and RBI Guidelines, the Members at the Extraordinary General Meeting (EGM) of the Company held on November 12, 2021, approved the appointment of M/s Walker Chandiook & Co LLP, Chartered Accountants and M/s M M Nissim & Co. LLP, Chartered Accountants, as the Joint Statutory Auditors of the Company to hold office with effect from conclusion of EGM held on November 12, 2021 till the conclusion of the Twelfth AGM of the Company.

The Board has recommended for the approval of the Members the appointment of M/s Walker Chandiook & Co LLP, Chartered Accountants and M/s M M Nissim & Co. LLP, Chartered Accountants, as the Joint Statutory Auditors of the Company, for further period of two years i.e. for FY 2022-23 and FY 2023-24. The Members of the Company may refer to the accompanying Notice of the AGM of the Company.

29. ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

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

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

30. EXPLANATION ON STATUTORY AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s Walker Chandio & Co LLP and M/s M M Nissim & Co. LLP, Joint Statutory Auditors of the Company, in their Reports dated April 21, 2022, on the Financial Statements of the Company for FY 2021-22.

31. SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Parikh & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for FY 2021-22. The Secretarial Audit Report, in the prescribed Form No. MR-3, is annexed as Annexure 'B'.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Parikh & Associates in their Secretarial Audit Report dated April 21, 2022, on the Secretarial and other related records of the Company, for FY 2021-22.

32. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS

There are no material changes or commitments affecting the financial position of the Company which have occurred between March 31, 2022 and May 13, 2022, being the date of this Report.

33. SIGNIFICANT AND MATERIAL ORDERS

During the period under review, there were no significant or material orders passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

34. RELATED PARTY TRANSACTIONS

The Company has adopted a Policy and a Framework on Related Party Transactions ("RPTs") for the purpose of identification, monitoring and approving such transactions in line with the requirements of the Act and the SEBI Listing Regulations. During the year under review, the RPT Policy had been amended to, *inter alia*, include the amendments

of the SEBI Listing Regulations. The said Policy is available on the Company's website at <https://www.tatacapital.com/content/dam/tata-capital/pdf/tcfs/regulatory-policies/RPT%20Policy.pdf>.

All the RPTs that were entered into during FY 2021-22, were in ordinary course of business and on an arm's length basis. There were no transactions requiring disclosure under Section 134(3)(h) of the Act. Hence, the prescribed Form AOC-2 does not form a part of this Annual Report.

During the year, in terms of Regulation 23(4) of the SEBI Listing Regulations, the Company had entered into material RPTs with Tata Projects Limited, Associate of TCL, the holding company, with respect to lending/leasing facilities, sale of fixed assets and other arrangements. The said transactions were in ordinary course of business and on arm's length basis. Pursuant to the aforesaid Regulation, all material RPTs require approval of the shareholders through resolution and no related party shall vote to approve such resolutions, whether the entity is a related party to the particular transaction or not. Since, the Company is a wholly owned subsidiary of TCL, the requirement of only unrelated shareholders voting to approve material RPTs cannot be met. Hence, owing to the impossibility of complying with this requirement, the shareholders' approval was not sought for the material RPTs. The necessary disclosure was duly made in the Report on Corporate Governance filed with the stock exchanges for the quarter ended March 31, 2022.

The details of RPTs as required to be disclosed by Indian Accounting Standard – 24 on "Related Party Disclosures" specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, are given in the Notes to the Financial Statements.

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

(A) Conservation of energy:

i. Steps taken/impact on conservation of energy:

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

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

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

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

Tata Capital has installed a solar panel at its Thane office which produces close to 750 Watts of energy and which self illuminates and provides power to the garden and security lights on the campus from dusk to dawn. The garden lights at the Thane office are being retrofitted with LED bulbs that consume less electricity as compared to the conventional incandescent or CFL bulbs.

iii. Capital investment on energy conservation equipments:

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

(B) Technology absorption:

Being a NBFC and not being involved in any industrial or manufacturing activities, the Company has no particulars to report regarding technology absorption.

(C) Foreign Exchange Earnings and Outgo:

Foreign Exchange earned in terms of actual inflows during the year under review was Nil and the Foreign Exchange Outgo during the year under review in terms of actual outflow, was Rs. 12.3 crore.

36. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 is available on the website of the Company at <https://www.tatacapital.com/content/dam/tata-capital/pdf/tcfsl/financials/annual-reports/TCFSL-%20Annual%20Return%20-%20FY%202021-22.pdf>.

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

A Statement giving the details required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2022, is annexed as Annexure 'C'.

The details required under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2022, are provided in a separate Annexure forming part of this Report. In terms of the first proviso to Section 136(1) of the Act, the Report and the Accounts, excluding the aforesaid Annexure, are being sent only through electronic mode to all the Members whose e-mail addresses are registered with the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary, at the Registered Office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

38. MANAGEMENT DISCUSSION AND ANALYSIS

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

39. CORPORATE GOVERNANCE

The Corporate Governance Report, with the Practicing Company Secretaries' Certificate thereon, for the year under review prepared in accordance with the Part C of Schedule V of SEBI Listing Regulations and as required under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, forms part of this Annual Report.

40. SECRETARIAL STANDARDS

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

41. UNCLAIMED AMOUNT

During FY 2021-22, no amount was required to be transferred to the Information Education and Protection Fund. Further, pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules"), Ms. Sonali Punekar, Company Secretary, has been appointed as the Nodal Officer of the Company, for the purpose of verification of claims and co-ordination with the IEPF Authority. The Contact details of Persons handling Investor Grievance are available on the website of the Company at www.tatacapital.com under 'Investor Information' section.

42. ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Rajiv Sabharwal
Chairman
DIN: 00057333

Mumbai
May 13, 2022

Annexure A

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY
("CSR") ACTIVITIES****1. Brief outline on CSR Policy of the Company:**

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

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

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

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

For details of the CSR Policy along with projects and programs, kindly refer to:
https://www.tatacapital.com/content/dam/tata-capital/pdf/tcfsl/regulatorypolicies/CSR_Policy_TCFSL.pdf

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
i.	Mr. Farokh N. Subedar	Non-Executive Director (Chairman)	2	1
ii.	Ms. Varsha Purandare	Independent Director	2	2
iii.	Mr. Rajiv Sabharwal	Non-Executive Director	2	2
iv	Mr. Sarosh Amaria	Managing Director	2	2

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

Composition of CSR Committee: https://www.tatacapital.com/content/dam/tata-capital/pdf/tcfsl/regulatory-policies/TCFSL_Committees%27%20Composition.pdf

CSR Policy and CSR Projects approved by the Board: https://www.tatacapital.com/content/dam/tata-capital/pdf/tcfsl/regulatory-policies/CSR_Policy_TCFSL.pdf

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

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

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

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

Financial Year	Net Profit (net of dividend)
FY 2018-19	440,06,47,179
FY 2019-20	646,77,47,831
FY 2020-21	826,72,00,000
Average Net Profit	637,85,31,670

7. (a) Two percent of average net profit of the company as per section 135(5):
Rs. 12,75,70,633

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

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

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 12,75,70,633

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
12,76,00,000	NIL	NA	NA	NIL	NA

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
Not Applicable												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project *	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	DhanGyan	ii	Yes	Pan India	Pan India	30,00,000	No	Society for Social Empowerment and Training	CSR00004254
2	The Cluster Development	ii	Yes	Maharashtra	Palli	20,00,000	No	Sudhagad Taluka Rahivasi Seva Sangh	CSR00016939
3	The Cluster Development	ii	Yes	Maharashtra	Palghar	35,89,461	No	Pratham Education Foundation	CSR00000258
4	Tata Capital Pankh Scholarships	ii	Yes	Pan India	Pan India	15,54,559	Yes	-	-
5	Tata Capital Pankh Scholarships	ii	Yes	Pan India	Pan India	1,93,00,000	No	Buddy4Study	CSR00000121
6	ProAspire - A skilling initiative	ii	Yes	Pan India	Pan India	1,00,00,000	No	Tata Community Initiatives Trust	CSR00002739
7	ProAspire - A skilling initiative	ii	Yes	Pan India	Pan India	75,00,000	No	Teamlease Education Foundation	CSR00001676

8	ProAspire - A skilling initiative	ii	Yes	Pan India	Pan India	70,00,000	No	Centum Foundation	CSR00000520
9	ProAspire - A skilling initiative	ii	Yes	Pan India	Pan India	5,00,000	No	Grameen Pragati Foundation	CSR00000797
10	ProAspire - A skilling initiative	ii	Yes	Pan India	Pan India	10,00,000	No	Deepstambh Foundation	CSR00015434
11	Aarogyatara	i	Yes	Maharashtra	Mumbai	50,00,000	No	Jupiter Foundation	CSR00010403
12	Aarogyatara	i	No	Bihar	Mastichak	1,33,83,000	No	Yugrishi Shriram Sharma Acharya Charitable Trust	CSR00000858
13	Aarogyatara - Eye Care	i	Yes	Maharashtra	Mumbai	18,27,917	No	Bajandas Bajaj Foundation	CSR00000427
14	Health	i	No	Kerala	Kerala	50,00,000	No	Citizen India Foundation	CSR00012261
15	Health	i	Yes	Maharashtra	Mumbai	16,17,474	No	Anthyodaya Pratishtan	CSR00006165
16	Health	i	Yes	Maharashtra	Mumbai	75,00,000	No	Savali Charitable Trust	CSR00001609
17	Cancer Care	i	No	Punjab	Bhatinda	19,00,000	No	Cansupport	CSR00000673
18	Cancer Care	i	Yes	Maharashtra	Mumbai	1,00,00,000	No	Tata Memorial Hospital	CSR00001287
19	Covid	i	Yes	Maharashtra & Uttar Pradesh	Parbhani and Noida	1,13,49,148	No	Collective Good Foundation	CSR00001648
20	Covid	i	Yes	Maharashtra	Mumbai	57,06,000	No	Tata Memorial Hospital	CSR00001287
21	Welfare for personnel in uniform	i & iii	Yes	Maharashtra	Mumbai	17,45,000	No	Habitat for Humanity	CSR00000402
22	Welfare for personnel in uniform	vi	Yes	Maharashtra	Nashik	25,48,800	No	Leslie Sawney Endowment	CSR00002587
23	Art & Culture	v	Yes	Maharashtra	Mumbai	5,00,000	No	Tender Roots Academy	CSR00000141
24	Sports	vii	Yes	Maharashtra	Pune	25,00,000	No	Lakshya Institute	CSR00002633
	TOTAL					12,60,21,359			

* Project Name Description - DhanGyan is a Financial Literacy initiative; The Cluster Development is an Education project; ProAspire is a Skilling Initiative; Aarogyatara is an Eye Care & Treatment project.

(d) Amount spent in Administrative Overheads: Rs. 15,78,641
(includes Other Expenses)

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 12,76,00,000

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	12,75,70,633
(ii)	Total amount spent for the Financial Year	12,76,00,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	29,367
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	29,367

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
Not Applicable							

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

(1) Sl. No.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration	(6) Total amount allocated for the project (in Rs.)	(7) Amount spent on the project in the reporting Financial Year (in Rs.)	(8) Cumulative amount spent at the end of reporting Financial Year (in Rs.)	(9) Status of the project – Completed / Ongoing
Not Applicable								

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

Capital Assets	Date of Creation or acquisition of capital asset(s)	Amount of CSR spent for creation or acquisition of capital asset (In Rs.)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
Oxygen Plant 500 LPM	September 10, 2021	35,35,560	Prakash Hospital, Greater Noida, UP through Implementing Agency named Collective Good Foundation having registration number CSR00001648	Capital Asset : Oxygen Plant 500 LPM Location: At Prakash Hospital Pvt. Ltd., Gautam Buddha Nagar, Greater Noida, UP
Two Ambulances	September 11, 2021	31,70,724	Citizen India Foundation Chandragiri, VH61, Vikramapuram Hills, Kuravankonam, Kowdiar, Thiruvananthapuram, Kerala – 695003 CSR registration number- CSR00012261	Capital Asset- Ambulance Location : Taluk Hospital in Nedumangad in Thiruvananthapuram Capital Asset: Ambulance Location: Ayroor Grama Panchayat, Pathanamthitta District Kerala
Oxygen Plant 500 LPM	October 5, 2021	70,71,120	Municipal Corporation Govt. Hospital, Parbhani through Implementing Agency named Collective Good Foundation having registration number CSR00001648	Capital Asset: Oxygen Plant 500 Location: LPM at Municipal Corporation Govt. Hospital, Parbhani
Ambulance	January 8, 2022	16,17,474	Anthodyoda Pratishtan 4, Rupam Building, Sion Circle, Mumbai – 400022 CSR00006165	Capital Asset: Ambulance Location: 4, Rupam Building, Sion Circle, Mumbai – 400022
Gene Xpert (XVI-16) site system with Laptop	March 4, 2022	1,00,00,000	Tata Memorial Hospital Dr. Ernest Borges Road, Parel, Mumbai-400012 CSR00001287	Capital Asset- Gene Xpert (XVI-16) site system with Laptop Location: Dr. Ernest Borges Road, Parel, Mumbai-400012
Monitors for ICU and Operation Theatre	March 23, 2022 [^]	36,66,000	Tata Memorial Hospital Dr. Ernest Borges Road, Parel, Mumbai-400012 CSR00001287	Capital Assert- Monitors for ICU and OT Location: Dr. Ernest Borges Road, Parel, Mumbai-400012

[^] Date of Payment by Tata Memorial Hospital towards procurement of the Capital Assets. Delivery of Assets scheduled in April 2022 and June 2022.

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

Farokh N. Subedar
Chairman – CSR Committee
(Non-Executive Director)
DIN- 00028428

Varsha Purandare
Member – CSR Committee
(Independent Director)
DIN- 05288076

Rajiv Sabharwal
Member – CSR Committee
(Non-Executive Director)
DIN- 00057333

Mr. Sarosh Amaria
Member – CSR Committee
(Managing Director)
DIN- 08733676

Annexure B**FORM No. MR-3**

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

To,
The Members,
TATA CAPITAL FINANCIAL SERVICES LIMITED

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, to the extent the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time:
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- (vi) Other laws specifically applicable to the Company, namely:
- (a) All the Rules, Regulations, Directions, Guidelines and Circulars issued by the Reserve Bank of India applicable to Non-Deposit Accepting Non Banking Financial Companies which are specifically applicable to the Company.
 - (b) Credit Information Companies (Regulation) Act, 2005 and Rules.
 - (c) SEBI Circulars and Guidelines for Mutual Funds issued by the Association of Mutual Funds in India as applicable to the Company as a Mutual Fund Distributor.
 - (d) Guidelines with respect to SEBI KYC registration agency (KRA) Regulations, 2011.
 - (e) Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.
 - (f) The Insurance Act, 1938 and the Insurance Regulatory and Development Authority (Registration of Corporate Agents) Regulations, 2015.
 - (g) The Prevention of Money-Laundering Act, 2002 and The Prevention of Money Laundering (Maintenance of Records, etc) Rules, 2005.
 - (h) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
 - (i) SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
 - (j) Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations of the Reserve Bank of India.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited and BSE Limited with respect to Non Convertible Debentures issued by the Company read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR, 2015”).

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

We further report that:

The Board of Directors of the Company is constituted with balance of Executive Directors, Non-Executive Directors and Independent Directors as per Companies Act, 2013. There were no changes in the composition of the Board of Directors that took place during the period under review.

We report that as regards the compliance of Regulations 17(1)(b) & 23 of SEBI LODR, 2015 made applicable to the Company effective September 7, 2021 on a comply or explain basis until March 31, 2023, the Company has been providing the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchange under Regulation 27(2)(a) of SEBI LODR, 2015.

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

As per the minutes, the decisions at the Board Meetings were taken unanimously.

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

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

- A. During the year, the Company had issued and redeemed the following Non-Convertible Debentures:
 - (i) Issued 53,690 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 5,369 crore, on a private placement basis.

- (ii) Partly Paid inflow received during the year (TCFSL NCD A Series FY 2018-19) Rs. 118 crore and (TCFSL NCD A Series FY 2019-20) Rs. 100 crore
 - (iii) Issued 2,000 Unsecured Redeemable Non-Convertible Debentures by way of Subordinated Debt for an aggregate amount of Rs. 650 crore, on a private placement basis.
 - (iv) Issued 100 Unsecured Non-Convertible Perpetual Debentures for an aggregate amount of Rs. 100 crore, on a private placement basis.
 - (v) Redeemed 1,46,80,536, Secured, Redeemable, Non-Convertible Debentures issued to the Public for an aggregate amount of Rs. 1,468.05 crore.
 - (vi) Redeemed 21,137 Secured Redeemable Non-Convertible Debentures issued on a private placement basis for an aggregate amount of Rs. 2113.70 crore.
 - (vii) Redeemed 3,214 Secured Redeemable Principal Protected Market linked Non-Convertible Debentures issued on a private placement basis for an aggregate amount of Rs. 321.40 crore.
 - (viii) Redeemed 96 Unsecured Non-Convertible Perpetual Debentures issued on a private placement basis for an aggregate amount of Rs. 4.80 crore.
- B. During the year, the Company had issued and redeemed the following Commercial Papers (“CPs”):
- i. Issued 9,46,360 units of CPs at Face Value for an aggregate amount of Rs. 47,318 crore.
 - ii. Redeemed 9,19,900 units of CPs at Face Value for an aggregate amount of Rs. 45,995 crore.
- C. During the year, the Company issued 2,99,40,119 Equity Shares on a Rights Basis, aggregating upto Rs. 300 crore.

For Parikh & Associates
Company Secretaries

Sd/-

Jigyasa N. Ved

Partner

Place: Mumbai

Date: 21.04.2022

FCS No: 6488 CP No: 6018

UDIN: F006488D000174898

PR No.: 1129/2021

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

Annexure 'I'

To,
The Members
TATA CAPITAL FINANCIAL SERVICES LIMITED

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates
Company Secretaries

Sd/-

Jigyasa N. Ved

Partner

FCS No: 6488 CP No: 6018

UDIN: F006488D000174898

PR No.: 1129/2021

Place: Mumbai
Date: 21.04.2022

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

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

The ratio of remuneration of each Director to the median remuneration of the employees of the Company for FY 2021-22 is, as under:

Name of Director(s)	Ratio to Median
Mr. F. N. Subedar	4.44:1
Ms. Anuradha E. Thakur	7.06:1
Ms. Varsha Purandare	7.17:1
Mr. Sarosh Amaria	48.57:1

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

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

The percentage increase/decrease in the remuneration of the Directors for FY 2021-22:

Name of Director(s)	% increase in Remuneration
Mr. F. N. Subedar	15
Ms. Anuradha E. Thakur	35
Ms. Varsha Purandare	42
Mr. Sarosh Amaria ¹	-

Notes:

1. *Mr. Sarosh Amaria was appointed as the Managing Director and Key Managerial Personnel of the Company, with effect from May 5, 2020 and hence the percentage increase / decrease in his remuneration, has not been computed.*

Mr. Rajiv Sabharwal, Chairman and Non-Executive Director, is the Managing Director & CEO of TCL and did not draw any remuneration from the Company. In view of the same, the percentage increase/decrease in his remuneration, has not been computed.

The percentage increase/decrease in the remuneration of the Chief Financial Officer (“CFO”) and Company Secretary (“CS”) for FY 2021-22:

Mr. Jaykumar Shah, was appointed as the CFO of the Company, with effect from August 14, 2020 and Ms. Sonali Punekar, was appointed as the CS of the Company, with effect from December 1, 2020. Hence, the percentage increase / decrease in their remuneration, has not been computed.

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

There is a decrease in the median remuneration of employees in FY 2021-22 by 3.9% as compared to FY 2020-21.

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

The permanent employees on the rolls of the Company as on March 31, 2022, were 3,862.

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

The average percentage increase in the salaries of employees other than that of managerial personnel in FY 2021-22 is 21.29% and the percentage increase in the overall managerial remuneration is 26.39%.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. About Tata Capital Financial Services Limited

Tata Capital Financial Services Limited (“TCFSL” or “Company”), registered with the Reserve Bank of India (“RBI”) as a Systemically Important Non-Deposit taking Non-Banking Financial Company (“NBFC”) is mainly engaged in lending and offering a wide array of services/products in the financial services sector. TCFSL is a wholly-owned subsidiary of Tata Capital Limited.

2. Industry and Economic Scenario

India’s real GDP growth for FY 2021-22 was 8.7%, which is amongst the highest in leading economies, as the Indian economy bounced back during the year exhibiting resilience during the pandemic. As the year progressed, most of the economic indicators such as GST collection, IIP, Exports and UPI transactions saw an uptick, indicating a steady recovery from the lows of the first quarter of FY 2021-22. This was also reflected in the credit growth for both Banks and NBFCs where the larger, well-funded ones witnessed a swifter recovery on the back of ebbing third wave of COVID-19 and easing of restrictions.

While India's growth outlook for the year ahead remains bright, driven by private consumption and elevated public spending, but risks remain, the biggest of which is inflation. Higher inflation can curtail the discretionary consumption and unfavourably affect the recovering domestic demand. The ongoing geopolitical crisis has caused supply chain disruptions which has led to higher commodity prices; if this gets prolonged, it can further fuel the inflation. The depreciating Rupee can become another issue as India is one of the biggest importers of crude oil leading to likely rise in trade deficit in FY 2022-23. As Rupee depreciates and import prices go up, taming inflation can become an uphill task for the central bank. A slower than expected global growth recovery may affect the demand for exports.

India’s retail inflation soared to an 18-month high of 7.5% in April 2022 driven by inflationary pressures, post which the RBI announced a 40 bps repo rate hike in May 2022 in an off-cycle monetary policy to combat the said rise in inflation. While RBI’s stance remains accommodative in order to support growth, ensuring that inflation remains within the target going forward shall be key for a sustainable growth environment. However, a downside to this is any further increase in the rates may force Banks and NBFCs to further increase their lending rates, and thus affecting consumption and capital expenditure.

Nevertheless, the opportunities for growth remain intact driven by strong economic fundamentals, favourable economic policies (such as PLI scheme, *Aatmanirbhar Bharat Abhiyan* and Startup India initiative), digital push, demographic dividend and growing global preference for India as an investment destination. Further, as the Company enters into FY 2022-23, the thrust on capital expenditure in Union Budget 2022 is a welcome move and expected to push demand through multiplier

effect on the economy. Given the proactive efforts by the regulator and the push from the government to support growth, the Company expects the inflationary environment to soften and a large vaccinated population is likely to contain the impact of subsequent COVID-19 waves, which will give way to robust growth going forward. This in turn shall spur credit demand across retail, SME and corporate segments, and reflect in the performance of the financial services sector as a whole.

3. Financial Performance

TCFSL reported the highest ever profits during FY 2021-22 aided by expanding Net Interest Margins, prudent product mix, efficient liability management, focused management of operating costs and tightened credit policies/underwriting norms for containing credit costs.

Financial performance highlights of FY 2021-22 are as under:

- Recorded highest ever disbursements of Rs. 34,735 crore during the year, up by 97% Y-o-Y
- The total loan book stood at Rs. 56,169 crore as at March 31, 2022, up by 25% Y-o-Y
- A well-diversified portfolio comprising of retail portfolio (47%), and corporate (53%).
- Net interest income including other revenues of Rs. 3,251 crore, up by 18% Y-o-Y
- Total credit cost stood at 1.8% for the year, down by 40 bps Y-o-Y
- TCFSL has adopted the RBI circular dated November 12, 2021 pertaining to reclassification of NPA accounts on a prudent basis. The Company has not opted for deferment as allowed by RBI till September 2022.
- The Net Non-Performing Assets stood at 0.5% as at March 31, 2022 (0.9% as at March 31, 2021) with a healthy provision coverage ratio of 79%.
- Net Profit after tax increased Y-o-Y by 21% to Rs. 817 crore.
- The Return on Equity increased from 10.5% in FY 2020-21 to 11.7% in FY 2021-22.
- The capital adequacy ratio is well above the minimum stipulated RBI norms.
- Credit rating was reaffirmed to AAA by the leading credit rating agencies.

4. RISK MANAGEMENT

The Company aims to operate within an effective risk management framework to actively manage all the material risks faced by the organization and make it resilient to shocks in a rapidly changing environment. It aims to establish consistent approach in management of risks and strives to reach the efficient frontier of risk and return for the organization and its shareholders.

Broad categories of risk faced by the Company are Credit Risk, Market Risk, Operational Risk, Fraud Risk, Compliance Risk, Cyber Security and Reputation Risk. The risk management policies are well defined for various risk categories supplemented by periodic monitoring through the sub committees of the Board.

Credit Risk: The credit aspects in the Company are primarily covered by the Credit Policy and Delegation of Authority approved by the Board of Directors. The Company measures, monitors and manages credit risks at individual borrower and portfolio level. Last year, the Company had made appropriate amendments in its underwriting criteria across product lines and re-calibrated digital scorecards on a periodic basis in line with the overall portfolio behavior and industry trends and leveraged risk analytics to enhance credit decisioning and strengthened monitoring of existing portfolio.

Market Risk: Market Risk management is guided by clearly laid down policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits. The Asset Liability Management (“ALM”) Policy stipulates a broad framework for liquidity risk management to ensure that the Company is in a position to meet its liquidity obligations. The ALM Policy is supplemented by LCR framework, stress testing and contingency funding plan.

Operational Risk: The Company has put in place a comprehensive system of internal controls, systems and procedures for documenting, assessing and periodic monitoring of various risks and controls linked to various processes across all business lines. The governance and framework for managing operational risks is defined in the Operational Risk Management Policy. Operational Risk Management Department engages with the First Line of Defence (Business and Operating Units) on periodic basis to identify and mitigate operational risks to minimize the risk and its impact.

Fraud Risk: The Company has adopted a robust Fraud Risk Management framework. It has an effective and very strong fraud risk governance mechanism that encompasses controls covering below objectives:

1. Prevent (reduce the risk of fraud from occurring)
2. Detect (discover fraud when it occurs) and
3. Respond (take corrective action and remedy from the harm caused by fraud).

Changing business landscape and digitization has heightened the level of fraud risk in the environment arising due to new methods, schemes and technology. The Company continues to increase its investment in fraud prevention and detection capabilities to protect its stakeholders.

Compliance Risk: The Company has a robust compliance risk management framework in place guided by a Board approved Compliance Risk Management Charter which lays down the roles and responsibilities of employees towards ensuring compliance with the applicable laws and regulations as also the role of the Compliance Department in monitoring compliance. The management of Compliance Risk is an integral component of the governance framework along with other internal control and risk management frameworks.

Cyber Security Risk: The Information Security Policy has been designed to provide an overview of the information security requirements and describe the controls that may be used to meet those requirements. Information Security Policy defines the overall framework for information security risk management. It documents the expected

behaviour of system, data and information users. It contains appropriate approach to combat cyber threats given the level of complexity of business and acceptable levels of risk and cyber crisis management plan addressing the aspects: (i) Detection (ii) Response (iii) Recovery and (iv) Containment.

Reputation Risk: Reputational Risk has been defined as the risk arising from negative perception on the part of customers, shareholders, investors, debt-holders, media reports that can adversely affect an organization's ability to maintain existing or establish new business relationships and continued access to sources of funding.

The Company's governance culture supported by sound risk management is aimed at ensuring it remains resilient during challenging periods and forge a sustainable future for the organization.

The Risk Management Practices of the Company 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 the Organization.

5. EVOLVING REGULATORY LANDSCAPE

Over the past few years, financial services as a sector has come under increased scrutiny and therefore, greater regulatory supervision. This is especially true for NBFCs, as over the years, the sector has undergone considerable evolution in terms of size, complexity and interconnectedness within the financial sector. With a view to bridge the regulatory gaps between the Banks and NBFCs, NBFCs are now increasingly being subject to regulations and guidelines at par with banks. Some of the key regulations and guidelines aimed at bringing this regulatory convergence between the Banks and NBFCs are:

- Scale Based Regulations where NBFCs would be classified into layers on the basis of their size, activity and perceived risk. Effective October 2022, the said regulations would put in place enhanced regulatory standards pertaining to Capital, Prudential and Governance requirements. NBFCs which warrant enhanced regulatory requirements based on a set of parameters and scoring methodology will feature in the upper layer, while the middle layer will comprise of deposit-taking NBFCs irrespective of asset size, non-deposit-taking NBFCs with assets worth Rs 1,000 crore or more, as well as Housing Finance Companies.
- Prompt Corrective Action (PCA) framework prescribed for NBFCs as a tool for effective market discipline, to enable Supervisory intervention at appropriate time which require NBFCs to initiate and implement remedial measures in a timely manner, so as to restore its financial health. With the NBFC sector witnessing a high growth trajectory over the past decade and substantial inter-connectedness within the financial ecosystem, this framework is expected to further strengthen the supervisory tools available to the regulator to manage NBFCs.

- RBI circular dated November 12, 2021, pertaining to asset classification of NBFCs, whereby certain aspects such as classification of an account as Special Mention Account (SMA) and Non-Performing Asset (NPA) were clarified / harmonized. This has again been brought to ensure uniformity in the implementation of Income Recognition, Asset Classification and Provisioning norms across all lending institutions.
- RBI has tightened the norms around appointment of Auditors with issue of 'Guidelines on appointment of Statutory Auditors' with a view to strengthen governance relating to appointment of auditors and to improve the overall quality and standards of financial reporting of RBI regulated entities. It sets out the criteria for audit firms regarding the number of audits they can take at a time and how they should conduct it, while requiring joint audits for entities with asset size of more than Rs. 15,000 crore.
- Extending Risk Based Internal Audit framework to NBFCs to enhance the quality and effectiveness of their internal audit systems and processes. It requires internal audit function to broadly assess and contribute to the overall improvement of the Organization's governance, Risk Management and control processes using a systematic and disciplined approach.
- Amendment in Listing Obligations and Disclosure Requirements by SEBI enhancing Disclosure norms and Compliance requirements for debt listed entities. Multiple provisions which were hitherto applicable only to equity listed entities were made applicable to High Value Debt Listed Entities ("HVDL"). HVDLs are entities with listed NCDs having outstanding value of Rs. 500 crore and above. Further, certain provisions which were already applicable to debt listed entities have also been amended resulting in additional compliances. The amendments encompassed areas such as board composition including independent directors, related party transactions, corporate governance requirements, disclosure of information, financial results and submissions to stock exchanges among others.
- Introduction of guidelines on declaration of dividends by NBFCs with the intent to infuse greater transparency and uniformity in practice. It requires NBFCs to comply with the minimum prudential requirements including capital adequacy and net NPA levels to be eligible to declare dividend within the prescribed Dividend Payout ratio.

While the parity in regulations is expected to improve the overall health and shore up the governance standards for the NBFCs in the medium to long term, the sector may face some headwinds in the immediate to short term. However, the impact may not be significant for larger, well capitalized NBFCs such as TCFSL which are well placed to navigate the evolving regulatory landscape.

6. OPPORTUNITIES AND THREATS

Non-Banking Financial Companies (“NBFCs”) remain one of the most important pillars for ushering financial inclusion in India, reaching out to a hitherto under/unserved populace and in the process leading to “formalization” of the credit demand. NBFCs cater to the needs of both the retail as well as commercial sectors and, at times, have been able to develop strong niches with their specialized credit delivery models that even larger players including banks, have found hard to match. This has further provided a fillip to employment generation and wealth creation and in the process, bringing in the benefits of economic progress to the weaker sections of the society.

Last two years were challenging on account of the pandemic during which both business and collections were severely impacted. However, from Q2 FY 2021-22, credit growth has picked up significantly due to receding impact of COVID shutdowns, the pent-up demand in the economy and an uptick in multiple economic indicators. This was evidenced as per RBI’s ‘Data on sectoral deployment of bank credit’ wherein non-food bank credit registered a y-o-y growth of 9.7% in March 2022.

While the economy is on the path to recovery, there are certain headwinds that may impact the growth and credit offtake. The NBFC sector may get impacted if elevated levels of retail inflation, crude oil prices and supply chain disruptions continue over a prolonged period. Borrowing rate is expected to rise in the wake of rate hikes announced by RBI in May 2022, which may lead to pressure on margins. Any loan re-pricing may lead to reduced demand as well as deterioration in credit quality for small borrowers.

However, there’s room for optimism – receding pandemic impact along with large vaccinated population, rising private investments, higher consumption levels and thrust on capital expenditure in Union Budget 2022 shall in tandem lead to a higher growth trajectory for the economy. This shall also translate into a better performance vis-à-vis the year gone by for most of the leading financial services institutions including NBFCs.

With its strong parentage, brand recognition, liquidity and strong distribution network, TCFSL is poised to capitalize on this opportunity and foresee an increase in market share across all segments with the introducing new products and tapping deeper markets. Further, the Company’s robust risk management framework with a deep understanding of underwriting and credit controls shall help to mitigate the risk of deterioration in asset quality.

7. INTERNAL CONTROL SYSTEMS

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

reviews the adequacy and effectiveness of the internal controls in the Company. The Company's internal control system is commensurate with its size and the nature of its operations.

8. INTERNAL FINANCIAL CONTROLS

The Management has laid down set of standards, processes and structure which enables to implement internal financial controls across the organization with reference to financial statements and that such controls are adequate and are operating effectively. Internal Finance control framework has been established in line with the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

During FY 2021-22, testing was conducted basis process walkthrough and review of samples as per documented controls in the Risk & Control matrix. Testing is done for each of the controls with the help of an independent firm, on behalf of Management confirming the existence and operating effectiveness of controls over financial reporting. Review was performed on design, adequacy and operating effectiveness of the controls. During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

9. HUMAN RESOURCES

The Company had 3,862 permanent employees as of March 31, 2022.

The Company firmly believes that Human Capital is its most important asset. During the past two years of the COVID-19 pandemic, the health, safety & wellbeing of the employees & their families remained its top priority. A series of engagement interventions across identified key themes were undertaken to assist employees deal with the sudden and unprecedented changes brought about during this period.

The Company has embarked on its journey of "Happiness at the workplace" which has helped to look at employee engagement in a more holistic way.

Continuing with its journey of "Happiness at the workplace", the Employee Engagement & Happiness Survey – 2022 was conducted. The Company had an impressive participation rate of 89% and the Engagement score was 83% which was higher than the comparative benchmarks identified. This survey was an important step in the Company's journey to create a more positive and an even more joyful workplace by continuously seeking employee feedback. As a critical step post the survey, action planning was ensured and several initiatives are being deployed to further strengthen engagement across the Company.

During the period under review, the Company has experienced unprecedented changes and this meant that adapting to the new norm was critical. The Company continued to

deploy robust learning programs through Instructor Led Virtual Training (ILVT) sessions complimented by digital learning to ensure continuous development of the employees. Learn, unlearn and relearn continues to be the Company's mantra.

The Advanced Learning Management System & the Learning App continue to be a central depository and source to promote anytime, anywhere learning. The learning library has now been added and built with even more functional and behavioural modules that are byte sized, relevant and applicable with dedicated digital learning campaigns to enhance the Learner Engagement and a higher e-learning coverage.

In addition, several leadership development programs were conducted in collaboration with reputed partners.

CORPORATE GOVERNANCE REPORT

I. Company's Philosophy on Corporate Governance:

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

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

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

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

II. Board of Directors:

- a) As on March 31, 2022, the Company has 5 (five) Directors. Out of the 5 (five), 2 (two) are Independent, Non-Executive Directors; 2 (two) are Non-Independent, Non-Executive Directors and 1 (one) is an Executive Director. The profile of the Directors can be found on the Company's website www.tatacapital.com.
- b) None of the Directors on the Board hold Directorships in more than 7 (seven) equity listed companies. Further, none of the Independent Directors ("IDs") of the Company serves as an ID in more than 7 (seven) equity listed companies. None of the IDs serve as a whole-time director/managing director in any listed entity. None of the Directors holds directorship in more than 20 (twenty) Indian companies, with not more than 10 (ten) public limited companies. None of the Directors is a member of more than 10 committees or acts as chairperson of more than 5 committees (being Audit Committee and Stakeholders

Relationship Committee, as per Regulation 26(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) across all the public limited companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2022, have been made by the Directors.

- c) Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Companies Act, 2013 (“Act”) along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act and that they are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.
- d) 8 (Eight) Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on April 22, 2021, June 3, 2021, June 28, 2021, July 19, 2021, September 6, 2021, October 21, 2021, January 24, 2022 and March 17, 2022. The necessary quorum was present for all the meetings.
- e) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting (“AGM”), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairpersonships / Memberships held by them in other public limited companies as on March 31, 2022 and list of core skills / expertise / competencies identified by the Board of Directors, are given herein below:

Name of the Director (DIN)	Category	Skill / Expertise/ Competencies	Number of Board Meetings attended during FY 2021-22	Whether attended last AGM held on June 24, 2021	Number of Directorships in other Public Companies*		Number of Committee positions held in other Public Companies**		Directorships in other listed entity (Category of Directorship)
					Chair-person	Member	Chair-person	Member	
Mr. Rajiv Sabharwal (Chairman) (00057333)	Non Independent, Non- Executive	Leadership, Strategy, Finance, Risk, Treasury, Credit, Private Equity, Governance, Regulatory Affairs, Retail Banking, Banking Operations	8	Yes	2	5	1	3	1) Tata Capital Housing Finance Limited (Debt listed) [@] 2) Tata Capital Limited (Debt listed) [^] 3) Tata Cleantech Capital Limited (Debt listed) [@] 4) Tata Realty and Infrastructure Limited (Debt listed) [@]

Name of the Director (DIN)	Category	Skill / Expertise/ Competencies	Number of Board Meetings attended during FY 2021-22	Whether attended last AGM held on June 24, 2021	Number of Directorships in other Public Companies*		Number of Committee positions held in other Public Companies**		Directorships in other listed entity (Category of Directorship)
					Chair-person	Member	Chair-person	Member	
Mr. F. N. Subedar (00028428)	Non Independent, Non- Executive	Leadership, Strategy, Company Administration, Finance, Taxation, Accounts, Operation, Governance, Regulatory Affairs	8	Yes	-	4	1	4	1) Tata Investment Corporation Limited [@] 2) Tata Capital Limited (Debt listed) [@] 3) Tata Realty and Infrastructure Limited (Debt listed) [@]
Ms. Varsha Purandare (05288076)	Independent, Non- Executive	Leadership, Strategy, Credit, Forex, Risk, Treasury, Capital Markets, Investment Banking, Private Equity, Governance, Regulatory Affairs	8	No	1	9	4	9	1) Orient Cement Limited [#] 2) Tata Capital Limited (Debt Listed) [#] 3) Tata Cleantech Capital Limited (Debt Listed) [#] 4) Shaily Engineering Plastics Limited [#] 5) The Federal Bank Limited [#] 6) Deepak Fertilisers and Petrochemicals Corporation Limited [#] 7) TMF Holdings Limited (Debt Listed) [#] 8) Tata Motors Finance Limited (Debt Listed) [#] 9) Tata Motors Finance Solutions Limited (Debt Listed) [#]
Ms. Anuradha E. Thakur (06702919)	Independent, Non- Executive	Leadership, Strategy, Banking operations, Financial Services, Governance, Regulatory Affairs, Compliance, Accounts	8	Yes	-	2	1	2	1) Tata Capital Housing Finance Limited (Debt Listed) [#] 2) Privi Speciality Chemicals Limited [#]
Mr. Sarosh Amaria (08733676)	Executive (Managing Director)	Leadership, Strategy, Governance, Regulatory Affairs, Treasury, Corporate Finance	8	Yes	-	-	-	-	-

Notes:

[@] Non-Independent, Non-Executive [#] Independent, Non-Executive [^]Executive (Managing Director & CEO)

*Excludes directorship in the Company, private companies, foreign companies and companies under Section 8 of the Act.

** Pertains to memberships/chairpersonships of the Audit Committee and Stakeholders' Relationship Committee of Indian public companies (excluding the Company) as per Regulation 26(1)(b) of the SEBI Listing Regulations. Further, number of memberships in Audit/Stakeholder Committee includes Chairpersonship, wherever applicable.

- f) The Board believes that the skills / competencies / expertise, as mentioned in the table are required for the business of the Company and the Directors of the Company possess these skills / competencies / expertise for it to function effectively.

- g) During FY 2021-22, 1 (one) meeting of the Independent Directors was held on March 30, 2022, wherein both the Independent Directors attended the meeting. The Independent Directors, inter alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors.
- h) The Board periodically reviews the compliance reports of all laws applicable to the Company. During FY 2021-22, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- i) None of the Directors are related inter-se.
- j) None of the Non- Executive Directors hold any shares in the Company. The Company has not issued any convertible instruments.

III. **Committees of the Board:**

The Board has constituted Committees with specific terms of reference to focus on specific areas. These include the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Finance and Asset Liability Supervisory Committee, the Information Technology Strategy Committee, the Investment Credit Committee, the Corporate Social Responsibility Committee, the Stakeholders Relationship Committee, the Committee for Review of Policies and the Working Committee.

The Company Secretary is the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by Resolutions passed through Circulation which are noted by the Board / respective Committees of the Board at their next meetings. The Minutes and the gist of minutes of meetings of all Committees of the Board are placed before the Board of Directors for noting.

i) **Audit Committee**

Composition, Meeting and Attendance

During FY 2021-22, 7 (Seven) meetings of the Audit Committee were held on the following dates: April 22, 2021, May 10, 2021, July 19, 2021, October 21, 2021, November 22, 2021, January 24, 2022 and March 9, 2022.

The composition of the Audit Committee as on date of this Report and the attendance details of meetings during FY 2021-22 is, given below:

Name of the Member(s)	Category	Number of Meetings	
		Held	Attended
Ms. Anuradha E. Thakur	Chairperson and Independent Director	7	7
Mr. Farokh N. Subedar	Non- Executive Director	7	7
Ms. Varsha Purandare	Independent Director	7	7

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act and the Regulation 18 of the SEBI Listing Regulations. All the Members have the ability to read and understand financial statements and have relevant finance and / or audit experience.

The previous AGM of the Company was held on June 24, 2021 and was attended by Ms. Anuradha E. Thakur, Chairperson of the Audit Committee.

Terms of reference

The Board has adopted an Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and SEBI Listing Regulations and Guidelines issued by the Reserve Bank of India ("RBI"). The Charter is reviewed, from time to time, and is available on the website of the Company, www.tatacapital.com.

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

- Review of the financial reporting process, the system of internal financial controls, the audit process, the Company's process for monitoring compliance with laws and regulations and the Tata Code of Conduct;
- To recommend the appointment and removal of the Auditors and their remuneration and discuss with Auditors the nature and scope of their audit before commencement;
- To examine the financial statements, financial results and the Auditors' Report thereon;
- To review and evaluate the Company's financial and risk management systems;
- To review the adequacy and performance of Risk Based Internal Audit function.
- To perform activities and carry out functions as laid down in the Framework for Related Party Transactions adopted by the Board.
- To review findings of internal investigations, frauds, irregularities, etc.; and
- To review the functioning of and compliance with the Company's Whistle Blower Policy.

The Board has accepted all the recommendations made by the Audit Committee during the year.

Besides the Members of the Committee, Meetings of the Audit Committee are attended by the Chairman of the Board, the Managing Director, the Chief Financial Officer, the Company Secretary, the Statutory Auditors and the Head - Internal Audit. The Head - Internal Audit of the Company functionally reports to the Audit Committee to ensure independence of operations.

ii) Nomination and Remuneration Committee ("NRC")

Composition, Meetings and Attendance

During FY 2021-22, 2 (Two) meetings of the NRC were held on the following dates: April 19, 2021 and June 3, 2021.

The composition of the NRC as on date of this Report and the attendance details of meetings during FY 2021-22 is, given below:

Name of the Member(s)	Category	No. of Meetings	
		Held	Attended
Ms. Anuradha E. Thakur	Chairperson and Independent Director	2	2
Ms. Varsha Purandare	Independent Director	2	2
Mr. Rajiv Sabharwal	Non – Executive Director	2	2

The composition of the NRC is in line with the provisions of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations.

The previous AGM of the Company was held on June 24, 2021 and was attended by Ms. Anuradha E. Thakur, Chairperson of the NRC.

Terms of reference

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

- To formulate the criteria for determining qualifications, fit & proper status, positive attributes and independence of a director and recommend to the Board, a policy relating to the remuneration for the directors, key managerial personnel, the executive team and other employees;
- To specify the manner and criteria for effective evaluation of performance of Board, its Committees and individual Directors including Independent Directors;
- To devise a policy on diversity of Board of Directors;
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board, their appointment and removal;
- To decide whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- To recommend to the Board, all remuneration, in whatever form, payable to Senior Management; and
- To decide commission payable to the Directors, subject to prescribed limits and approval of shareholders.

Performance Evaluation Criteria for Independent Directors

The performance evaluation criteria for independent directors is based on various factors which includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behaviour and judgment.

iii) Risk Management Committee (“RMC”)

Composition, Meetings and Attendance

During FY 2021-22, 4 (Four) meetings of the RMC were held on the following dates: May 24, 2021, August 4, 2021, November 8, 2021 and February 2, 2022.

The composition of the RMC as on date of this Report and the attendance details of meetings during FY 2021-22 is, given below:

Name of the Member(s)	Category	No. of Meetings	
		Held	Attended
Ms. Varsha Purandare	Chairperson and Independent Director	4	4
Ms. Anuradha E. Thakur	Independent Director	4	4
Mr. Rajiv Sabharwal	Non – Executive Director	4	4
Mr. Sarosh Amaria	Managing Director	4	4
Mr. Farokh N. Subedar*	Non – Executive Director	1	1

*Mr. Farokh N. Subedar was appointed as a Member of the RMC with effect from January 24, 2022. Post his appointment, 1 meeting of the RMC was held.

The composition of the RMC is in line with the provisions of Regulation 21 of SEBI Listing Regulations.

Terms of reference

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

- To assist the Board in its oversight of various risks;
- To review and analyse risk exposure related to specific issues and provide oversight of risk across the organization;
- To formulate a detailed Risk Management Policy and oversee implementation of the same, including evaluating the adequacy of risk management systems;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company; and
- To review the appointment, removal and terms of remuneration of the Chief Risk Officer.

iv) Stakeholders Relationship Committee (“SRC”)

Composition, Meetings and Attendance

During FY 2021-22, 1 (One) meeting of the SRC was held on February 21, 2022.

The composition of the SRC as on date of this Report and the attendance details of meeting during FY 2021-22 is, given below:

Name of the Member(s)	Category	No. of Meetings	
		Held	Attended
Mr. Farokh N. Subedar	Chairman and Non – Executive Director	1	1
Ms. Anuradha E. Thakur	Independent Director	1	1
Mr. Sarosh Amaria	Managing Director	1	1

Terms of reference

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

The previous AGM of the Company was held on June 24, 2021 and was attended by Mr. Farokh N. Subedar, Chairman of the SRC.

a) Name, designation and address of the Compliance Officer under SEBI Listing Regulations:

Ms. Sonali Punekar, Company Secretary
11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013
Telephone No.: (022) 6606 9000
Email: compliance.ncd@tatacapital.com

b) Investor Complaints:

Details of Complaints received from the Debenture holders and redressed during FY 2021-22 are, as follows:

Sr. No.	Description	Opening at the beginning of the financial year	Received during the financial year	Resolved during the financial year	Closing at the end of the financial year
1.	Complaints	NIL	7	7	NIL
	Total	NIL	7	7	NIL

c) During FY 2021-22, no complaints were received from the Equity Shareholders of the Company.

v) Finance and Asset Liability Supervisory Committee (“ALCO”)**Composition, Meetings and Attendance**

During FY 2021-22, 4 (Four) meetings of the ALCO were held on the following dates: May 24, 2021, August 4, 2021, November 8, 2021 and February 2, 2022.

The composition of the ALCO as on date of this Report and the attendance details of meetings during FY 2021-22 is, given below:

Name of the Member(s)	Category	No. of Meetings	
		Held	Attended
Ms. Varsha Purandare	Chairperson and Independent Director	4	4
Ms. Anuradha E. Thakur	Independent Director	4	4
Mr. Rajiv Sabharwal	Non – Executive Director	4	4
Mr. Sarosh Amaria	Managing Director	4	4

Terms of reference

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

- Compliance with RBI Prudential Norms / directions / guidelines for asset liability management;
- Debt Composition and plan of the Company for fund raising; and
- Resource Raising Policy of the Company.

vi) Information Technology Strategy Committee (“ITSC”)**Composition, Meetings and Attendance**

During FY 2021-22, 2 (Two) meetings of the ITSC were held on the following dates: August 18, 2021 and February 9, 2022.

The composition of the ITSC as on date of this Report and the attendance details of meetings during FY 2021-22 is, given below:

Name of the Member(s)	Category	No. of Meetings	
		Held	Attended
Ms. Varsha Purandare	Chairperson and Independent Director	2	2
Mr. Farokh N. Subedar	Non – Executive Director	2	2
Mr. Rajiv Sabharwal	Non – Executive Director	2	2
Mr. Sarosh Amaria	Managing Director	2	2
Mr. Vijay Kadam*	Chief Information Officer	1	1
Mr. Rahul Mulay*	Chief Information Officer	-	-

*During FY 2021-22, Mr. Vijay Kadam, Chief Information Officer, ceased to be a Member of the Committee consequent upon his resignation with effect from September 22, 2021. Mr. Rahul Mulay, Chief Information Officer has been appointed as a Member of the Committee with effect from May 13, 2022.

Terms of reference

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

- To approve the IT strategy and policy documents;
- To institute an effective governance mechanism and risk management process for all outsourced IT operations and to do all such acts as may be required under the IT Directions in respect of the outsourced IT operations;
- To recommend the appointment of IT / Information Systems (“IS”) Auditor; and
- To review the IT / IS Audit report and provide its observation / recommendations to the Board.

vii) Investment Credit Committee (“ICC”)**Composition, Meetings and Attendance**

During FY 2021-22, 29 (Twenty Nine) meetings of the ICC were held on the following dates: April 15, 2021, May 3, 2021, May 7, 2021, May 19, 2021, May 31, 2021,

June 10, 2021, June 26, 2021, June 30, 2021, July 10, 2021, July 22, 2021, August 11, 2021, August 13, 2021, August 25, 2021, September 20, 2021, September 24, 2021, October 7, 2021, October 27, 2021, November 10, 2021, November 18, 2021, November 30, 2021, December 8, 2021, December 16, 2021, December 23, 2021, January 19, 2022, February 7, 2022, February 23, 2022, March 11, 2022, March 23, 2022 and March 24, 2022.

The composition of the ICC as on date of this Report and the attendance details of meetings during FY 2021-22 is, given below:

Name of the Member(s)	Category	No. of Meetings	
		Held	Attended
Ms. Varsha Purandare	Chairperson and Independent Director	29	29
Ms. Anuradha E. Thakur	Independent Director	29	28
Mr. Rajiv Sabharwal	Non – Executive Director	29	29
Mr. Sarosh Amaria	Managing Director	29	29

Terms of reference

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

- To approve Commercial Finance and Retail Business credit proposals, as per the authority granted by the Board to the ICC, from time to time, in terms of the Board approved 'Delegation of Authority Matrix';
- To approve investments in Debentures / Commercial Paper, Equity Shares, Preference Shares and other instruments, in terms of the Board approved Commercial and SME Finance Division (“CSFD”) Investment Policy;
- To approve the opening and operating of Letters of Credit, Trade Credit, Forex facility, etc. for customers of the CSFD;
- To approve Sale / Purchase of Non Performing Assets as per the Policy for Sale / Purchase of Non Performing Assets, as may be approved by the Board of Directors, from time to time; and
- To periodically review proposals approved by Management Credit Committee.

viii) Corporate Social Responsibility (“CSR”) Committee

Composition, Meetings and Attendance

During FY 2021-22, 2 (Two) meetings of the CSR Committee were held on the following dates: May 5, 2021 and March 25, 2022.

The composition of the CSR Committee as on date of this Report and the attendance details of meetings during FY 2021-22 is, given below:

Name of the Member(s)	Category	No. of Meetings	
		Held	Attended
Mr. Farokh N. Subedar	Chairman and Non – Executive Director	2	1

Name of the Member(s)	Category	No. of Meetings	
		Held	Attended
Ms. Varsha Purandare	Independent Director	2	2
Mr. Rajiv Sabharwal	Non – Executive Director	2	2
Mr. Sarosh Amaria	Managing Director	2	2

Terms of reference

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

- To formulate and recommend to the Board, a CSR Policy which shall include the guiding principles for selection, implementation and monitoring of the activities to be undertaken by the Company as specified in Schedule VII of the Act (“CSR Activities”);
- To formulate and recommend to the Board an Annual Action Plan in pursuance of the CSR Policy and in accordance with the applicable Rules. Recommend alteration in such Plan to the Board of Directors, at any time during the financial year, based on the reasonable justification to that effect;
- To recommend the amount of expenditure to be incurred on CSR Activities;
- To monitor the CSR Policy of the Company from time to time and instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;
- To oversee the Company’s conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen; and
- To oversee activities impacting the quality of life of the beneficiaries of the CSR projects.

ix) Committee for Review of Policies (“ROP”)

Composition, Meetings and Attendance

During FY 2021-22, 1 (One) meeting of the ROP was held on September 27, 2021.

The composition of the ROP as on date of this Report and the attendance details of meeting during FY 2021-22 is, given below:

Name of the Member(s)	Category	No. of Meetings	
		Held	Attended
Ms. Anuradha E. Thakur	Chairperson and Independent Director	1	1
Mr. Sarosh Amaria	Managing Director	1	1

Terms of reference

The responsibilities of the ROP, *inter alia*, is to review various Codes / Policies adopted by the Company.

x) **Working Committee****Composition and Meetings**

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

Name of the Member(s)	Category
Ms. Anuradha E. Thakur	Chairperson and Independent Director
Mr. Farokh N. Subedar	Non- Executive Director
Mr. Rajiv Sabharwal	Non- Executive Director
Mr. Sarosh Amaria	Managing Director

No meeting of the Working Committee was held in FY 2021-22.

Terms of reference

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

- To explore and evaluate market appetite, potential pricing, structure of the proposed issuance and timing, negotiation of various other terms in connection with the issuance of masala bonds, external commercial borrowings and non-convertible debentures to Public.
- To interact with potential investors / facilitators and incur any expenditure for carrying out the above activities; and
- To recommend to the Board of Directors, the findings of the Working Committee.

IV. Remuneration of Directors**a. Non-Executive Directors**

The Company paid Sitting fees to the Non-Executive Directors (“NEDs”) and Independent Directors (“IDs”) for attending meetings of the Board and the Committees of the Board and will pay Commission for FY 2021-22, within the maximum prescribed limits to the NEDs and IDs who were Directors of the Company during FY 2021-22, as recommended by the NRC and approved by the Board at their respective Meetings held on May 13, 2022. The details of the same are, as under:

Name of Director(s)	Sitting Fees paid for attending Board and Committee Meetings held during FY 2021-22	Commission to be paid for FY 2021-22
Mr. Farokh N. Subedar	Rs. 5,70,000	Rs. 30,00,000
Ms. Anuradha E. Thakur	Rs. 16,80,000	Rs. 40,00,000
Ms. Varsha Purandare	Rs. 17,70,000	Rs. 40,00,000

Notes:

1. In line with the Internal guidelines of the Company, no payment is made towards commission to Non-Executive Directors of the Company, who are in full-time employment with any other Tata Company.
2. Mr. Rajiv Sabharwal, Chairman and Non-Executive Director, is the Managing Director & CEO of TCL and he did not draw any remuneration from the Company.

The Remuneration Policy of the Company which, *inter alia*, lays down the criteria of making payments to non-executive directors is available on the website of Company at https://www.tatacapital.com/content/dam/tata-capital/pdf/tcfsl/regulatory-policies/TCFSL-Remuneration_Policy.pdf.

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

b. **Managing Director**

Terms of Appointment and Remuneration of Mr. Sarosh Amaria, Managing Director:

Period of Contract	May 5, 2020 to May 4, 2025
Notice Period and Severance Fees	The Contract with the Managing Director may be terminated earlier by either party giving the other Party six months' notice of such termination or the Company paying six months' remuneration and any pro-rated incentive / commission (at the discretion of the Board), in lieu of such notice. There is no separate provision for payment of Severance fees.
Employee Stock Options ("ESOP")	Cost of Employee Stock Option of TCL: Rs. 1,06,93,674
Salary for FY 2021-22	Rs. 2,02,48,750
Incentive Remuneration for FY 2021-22 to be paid in FY 2022-23	Rs. 1,50,00,000
Perquisites and allowances	Rs.11,11,000
Retirement benefits	Rs. 27,12,442

V. General Body Meetings

a. General Meetings

i) Details of the last three Annual General Meetings of the Company:

Financial Year	Date	Time	Venue	Special Resolutions passed
2018-19	June 17, 2019	2:30 p.m.	12 th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013.	i. Issue and Offer of Compulsorily Convertible Cumulative Preference Shares on a Rights Basis, to Tata Capital Limited. ii. Loan to the TCL Employee Welfare Trust.
2019-20	August 14, 2020	1:15 p.m	Meeting conducted through Video Conferencing ("VC")	i. To approve the borrowing limits of the Company ii. To create charge on the assets of the Company
2020-21	June 24, 2021	10:00 a.m	Meeting conducted through VC	Nil

- ii) Extraordinary General Meeting (“EGM”):
During FY 2021-2022, an EGM of the members was held on November 12, 2021 through VC and a Special Resolution was passed for approving payment of Commission to Non-Executive and Independent Directors of the Company.
- iii) Whether any special resolution passed last year through postal ballot – details of voting pattern – None.
- iv) Person who conducted the postal ballot exercise – Not applicable.
- v) Whether any special resolution is proposed to be conducted through postal ballot – None.
- vi) Procedure for postal ballot – Not applicable.

VI. Means of Communication

The ‘Investor Information’ section on the Company’s website (www.tatacapital.com) keeps the investors updated on material developments in the Company by providing key and timely information such as Financial Results, Annual Reports, Contact details of persons responsible for investor grievances, etc. The debenture holders can also send in their queries / complaints at the designated email address: compliance.ncd@tatacapital.com. Financial Results are normally published in Business Standard Newspaper.

VII. General information for shareholders and debenture holder

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai. The Corporate Identity Number (“CIN”) allotted to the Company by Ministry of Corporate Affairs is U67100MH2010PLC210201.

(a) Details of Debenture Trustees and the Registrar and Transfer Agents of the Company are, given below:

Debenture Trustees
Vistra ITCL (India) Limited (formerly known as IL & FS Trust Company Limited) The IL&FS Financial Centre, Plot C – 22, G Block, Bandra Kurla Complex, Bandra I, Mumbai – 400 051. Website: www.vistraitcl.com , Tel: +91 22 69300000, Fax: +91 22 2653 3297. e-mail: itclcomplianceofficer@vistra.com
IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001. Website: www.idbitrustee.com , Tel: +91 22 4080 7000, Fax: +91 22 6631 1776. e-mail: itsl@idbitrustee.com
Registrar and Transfer Agents
Non – Convertible Debentures issued to the Public
Kfin Technologies Limited Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032. Website: www.kfintech.com , Tel: +91 40-6716 2222, e-mail: einward.ris@kfintech.com

Equity Shares and Non – Convertible Debentures issued on a Private Placement basis

TSR Consultants Private Limited
 (Formerly known as TSR Darashaw Consultants Private Limited)
 C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400083
 Website: www.tcplindia.co.in, Tel: +91 22 6656 8484, Fax: +91 22 6656 8494.
 e-mail: csg-unit@tcplindia.co.in

(b) Annual General Meeting for FY 2021-22:

Date: June 27, 2022

Time: 10.45 a.m.

Venue: Through Video Conferencing

(c) Financial Year: April 1, 2021 to March 31, 2022**(d) Dividend Payment Date:** Not Applicable**(e) Listing on Stock Exchanges and Listing Fees:**

Name and Address of the Stock Exchange	Type of Securities Listed
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai 400 051	Non-Convertible Debt Securities issued to the Public and on a Private Placement Basis
BSE Limited P. J. Towers, Dalal Street, Mumbai 400 001	Non-Convertible Debt Securities issued to the Public

The annual listing fees as applicable have been paid for FY 2021-22 and FY 2022-23.

(f) Stock Code: Not Applicable***(g) Market Price data- high, low during each month in last financial year:** Not Applicable***(h) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc:** Not Applicable***(i) In case the securities are suspended from trading, the directors report shall explain the reason thereof:** Not Applicable**(j) Share transfer system:**

In terms of Regulation 61(4) read with Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, securities can be transferred only in dematerialized form. All requests for transfer and/or dematerialisation of securities held in physical form, should

be lodged with the office of the Company's Registrar and Transfer Agent for dematerialisation.

(k) Distribution of shareholding: The Company is a wholly owned subsidiary of TCL. The entire equity shareholding of the Company is held by TCL and its nominees.

(l) Dematerialization of shares and liquidity:

All the Equity shares of the Company are in dematerialized form as on March 31, 2022. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's Equity shares is INE306N01016.

(m) Outstanding Global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable

(n) Commodity price risk or foreign exchange risk and hedging activities:

The Company is exposed to foreign currency exchange rate fluctuation risk for its foreign currency borrowing. The Company's borrowings in foreign currency are governed by RBI guidelines. The Company hedges its entire External Commercial Borrowing ("ECB") exposure for the full tenure of the ECB as per Board approved Policy. The Company is not exposed to commodity price risk.

(o) Plant locations: Not Applicable

(p) Address for correspondence:

Tata Capital Financial Services Limited,
11th Floor, Tower A, Peninsula Business Park,
Ganpatrao Kadam Marg, Lower Parel,
Mumbai 400 013

(q) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal:

Details pertaining to Credit Ratings obtained by the Company are included in the Directors' Report.

(r) Transfer of Unclaimed / Unpaid Amounts to the Investor Education and Protection Fund:

During the year under review, no amount was due for transfer to Investor Education and Protection Fund.

**The equity shares of the Company are not listed on the stock exchanges and hence certain details are not applicable to the Company.*

VIII. Other Disclosures

Particulars	Details
Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.	There are no material related party transactions during the year under review that have potential conflict with the interest of the Company.
Details of non-compliance by the Company, penalties, strictures imposed on the listed entity by Stock Exchange(s) or the Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years.	Nil
Details of establishment of Vigil Mechanism / Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee.	The Company has a Whistle Blower Policy and has established necessary Vigil Mechanism for Directors and employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.
Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.	Details of compliance with non-mandatory and mandatory requirements are mentioned in point no. X and XI of this report, respectively.
Web link where policy for determining 'material' subsidiaries is disclosed.	The Company does not have any subsidiary company.
Web link where policy on dealing with related party transactions;	The Company has a policy on dealing with related party transactions which is disclosed on its website at: https://www.tatacapital.com/content/dam/tata-capital/pdf/tcfs/regulatory-policies/RPT%20Policy.pdf
Disclosure of commodity price risks and commodity hedging activities.	Not Applicable
Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).	Not Applicable
A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.	The Company has obtained certificate from M/s Parikh & Associates, Practising Company Secretaries that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same is reproduced at the end of this report and marked as <i>Annexure I</i> .

Particulars	Details												
Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof.	During FY 2021-22, all the recommendations of the various Committees of the Board were accepted by the Board.												
Total fees for all services paid by the listed entity to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.	<p>M/s B S R & Co. LLP, Chartered Accountants (“BSR”) (ICAI Firm Registration Number: 101248W/W-100022) resigned as the Statutory Auditors with effect from November 12, 2021 due to their ineligibility to continue as statutory auditors in terms of RBI circular dated April 27, 2021.</p> <p>In view of the above, M/s Walker Chandio & Co LLP, Chartered Accountants (ICAI Firm Registration Number: 001076N/N500013) and M/s M M Nissim & Co. LLP, Chartered Accountants (ICAI Firm Registration Number: 107122W/W100672) were appointed as the Joint Statutory Auditors of the Company with effect from November 12, 2021.</p> <p>The particulars of payment of fees to Statutory Auditors for FY 2021-22 is given below:</p> <table border="1" data-bbox="794 1227 1390 1451"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Audit Fees</td> <td>Rs. 1.75 crore</td> </tr> <tr> <td>Tax Audit Fees</td> <td>Rs. 0.05 crore</td> </tr> <tr> <td>Certification and other services</td> <td>Rs. 0.13 crore</td> </tr> <tr> <td>Total</td> <td>Rs. 1.93 crore</td> </tr> </tbody> </table> <p><i>(The above payments exclude out-of pocket, travelling expenses and Goods and Service tax.)</i></p> <p>Further no fees were paid to any entity in the network firm/network entity of which the Statutory Auditor is a part.</p>			Particulars	Amount	Audit Fees	Rs. 1.75 crore	Tax Audit Fees	Rs. 0.05 crore	Certification and other services	Rs. 0.13 crore	Total	Rs. 1.93 crore
Particulars	Amount												
Audit Fees	Rs. 1.75 crore												
Tax Audit Fees	Rs. 0.05 crore												
Certification and other services	Rs. 0.13 crore												
Total	Rs. 1.93 crore												
Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.	Number of complaints filed during the financial year	Number of complaints disposed of during the financial year	Number of complaints pending as on end of the financial year										
	2	2	Nil										

Particulars	Details
Disclosure by the Company of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.	NIL
Familiarization Program	Details of familiarisation programmes imparted to Independent Directors is disclosed on its website at: https://www.tatacapital.com/content/dam/tata-capital/pdf/tcfs/regulatory-policies/familiarisation-programme-for-independent-directors.pdf .

IX. Non-compliance of any requirement of corporate governance report of sub-paras above, with reasons thereof shall be disclosed

Composition of the Board

Currently, the composition of the Board is in compliance with the requirements of the Companies Act, 2013. In view of the provisions under the SEBI Listing Regulations relating to Board composition which have been made applicable to High Value Debt Listed entities, the Company shall reconstitute its Board within the specified timelines.

Related Party Transactions ("RPTs")

In terms of Regulation 23(4) of the SEBI Listing Regulations, all material RPTs require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. In this connection, it is submitted that the Company is a wholly owned subsidiary of Tata Capital Limited. Accordingly, Tata Capital Limited is a related party of the Company and hence the requirement of only unrelated shareholders voting to approve material RPTs cannot be met. Hence, owing to the impossibility of complying with this voting requirement, the shareholders' approval could not be sought for the material RPTs entered into by the Company during FY 2021-22.

X. The corporate governance report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted

The Company has adopted the following discretionary requirements as specified in Part E of Schedule II:

- i. The Company has adopted regime of financial statement with unmodified audit opinion.
- ii. The Company has appointed separate post of Chairman and the Managing Director such that Chairman is a Non-Executive Director and not related to the Managing Director.
- iii. The Internal Auditor of the Company directly reports to Audit Committee of the Company.

XI. The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (a) to (i) of Regulation 62(1A) of SEBI Listing Regulations shall be made in the section on corporate governance of the annual report.

As on March 31, 2022, the Company is in compliance with all the mandatory requirements specified in Regulation 17 to 27 of SEBI Listing Regulations except Regulations 17(1)(b) and 23 which have been made applicable to the Company as a High Value Debt Listed Entity effective September 7, 2021 on a 'comply or explain' basis until March 31, 2023. The Company has been providing the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchanges.

XII. Declaration signed by the Managing Director stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management.

The Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website (www.tatacapital.com).

All the Directors of the Board and Senior Management Personnel of the Company have affirmed compliance with the respective Codes. A declaration signed by the Managing Director to this effect is reproduced at the end of this report and marked as *Annexure II*.

XIII. Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance shall be annexed with the directors' report.

The Company has obtained compliance certificate from the Practising Company Secretaries M/s Parikh & Associates on Corporate Governance. The same is reproduced at the end of this report and marked as *Annexure III*.

XIV. Disclosures with respect to demat suspense account/ unclaimed suspense account – Not Applicable.

Annexure I**CERTIFICATE**

(pursuant to Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
Tata Capital Financial Services Limited

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Tata Capital Financial Services Limited** having CIN **U67100MH2010PLC210201** and having registered office at 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013 (hereinafter referred to as ‘the Company’), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company*
1.	Mr. Farokh Nariman Subedar	00028428	26/03/2011
2.	Mr. Rajiv Sabharwal	00057333	01/04/2018
3.	Ms. Varsha Vasant Purandare	05288076	01/04/2019
4.	Ms. Anuradha Eknath Thakur	06702919	28/01/2015
5.	Mr. Sarosh Kersi Amaria	08733676	05/05/2020

**the date of appointment is as per the MCA Portal.*

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh & Associates**
Practising Company Secretaries

Jigyasa N. Ved
Partner
FCS: 6488 CP: 6018
UDIN: F006488D000319581
PR No.: 1129/2021
Mumbai, 13.05.2022

Annexure II**DECLARATION BY THE MANAGING DIRECTOR**

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the financial year ended March 31, 2022.

For Tata Capital Financial Services Limited

Sarosh Amaria
Managing Director

Place: Mumbai
Date: May 13, 2022

Annexure III**PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE**

To,
The Members
Tata Capital Financial Services Limited

We have examined the compliance of the conditions of Corporate Governance by Tata Capital Financial Services Limited ('the Company') for the year ended on March 31, 2022, as stipulated under Regulations 17 to 27, clauses (a) to (i) of sub-regulation (1A) of Regulation 62 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and as made applicable to the Company effective September 7, 2021 on a comply or explain basis until March 31, 2023, and the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchange under Regulation 27(2)(a) of SEBI Listing Regulations.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2022 and had provided necessary explanation pertaining to compliance of Regulation 17(1)(b) and Regulation 23 of SEBI Listing Regulations in the quarterly compliance report on Corporate Governance submitted to the Stock Exchanges under Regulation 27(2)(a) of SEBI Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates
Practising Company Secretaries

Jigyasa N. Ved
Partner
FCS: 6488 CP: 6018
UDIN: F006488D000319548
PR No.: 1129/2021
Mumbai, 13.05.2022

Consolidated Financial Statements

Walker Chandio & Co LLP
Chartered Accountants
11th Floor, Tower II
One International Centre
S B Marg, Prabhadevi (W)
Mumbai – 400 013

M M Nissim & Co LLP
Chartered Accountants
Barodawala Mansion, B-Wing
3rd Floor, Dr Annie Besant Road
Worli
Mumbai – 400 018

Independent Auditor's Report

To the Members of Tata Capital Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of **Tata Capital Financial Services Limited** ('the Holding Company') and its associates, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at **31 March 2022**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. 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 Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Holding Company and its associates as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards 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 Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated 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.

Key Audit Matters

4. 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.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of loans and advances to customers (Refer Note 2 for significant accounting policies and Note 36 for credit risk disclosures)</p> <p>As at 31 March 2022, the Holding Company has reported gross loan assets of ₹ 5,604,150 lacs against which an impairment loss of ₹ 210,846 lacs has been recorded. The Holding Company recognized impairment provision for loan assets based on the Expected Credit Loss (“ECL”) approach laid down under ‘Ind AS 109 – Financial Instruments’.</p> <p>The estimation of ECL on financial instruments involves significant management judgement and estimates and the use of different modelling techniques and assumptions which could have a material impact on reported profits. Significant management judgement and assumptions involved in measuring ECL is required with respect to:</p> <ul style="list-style-type: none"> ➤ ensuring completeness and accuracy of the data used to create assumption in the model ➤ determining the criteria for a significant increase in credit risk ➤ factoring in future economic assumptions ➤ techniques used to determine probability of default, loss given default and exposure at default. <p>These parameters are derived from the Holding Company’s internally developed statistical models and other historical data.</p> <p>During the previous and current years, RBI announced various relief measures for the borrowers which were implemented by the Company such as “COVID 19 Regulatory Package- Asset Classification and Provisioning” announced by the RBI on 17 April 2020 and RBI circular on “Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package” dated 07 April 2021 (collectively referred to as ‘the RBI circulars’), and “Resolution Framework for COVID-19 related Stress” (the ‘Resolution Framework’) dated on 6 August 2020 and 4 June 2021, which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment.</p> <p>On the basis of an estimate made by the management of the Holding Company, an overlay to the tune of ₹ 6560 lacs has been recognized by the Company as at 31 March 2022 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Holding Company. The basis of estimates and assumptions involved in arriving at the overlay are monitored by the Holding Company periodically and significantly depend on future developments in the economy including expected impairment losses.</p>	<p>Our audit focused on assessing the appropriateness of management’s judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Considered the Company’s accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109 • Understanding management’s updated processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 Regulatory Package. • Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording, monitoring of the impairment loss recognized and staging of assets. Also evaluated the controls over the modelling process, validation of data and related approvals. • Evaluated the appropriateness of the Company’s determination of Significant Increase in Credit Risk (“SICR”) in accordance with the applicable accounting standard considering the impact of COVID-19 on account of moratorium and restructuring benefit extended by the Company and the basis for classification of various exposures into various stages. Further, assessed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default (EAD), probability of default (PD) or loss given default (LGD);

Key audit matter	How our audit addressed the key audit matter
<p>Disclosure</p> <p>The disclosures regarding the Holding Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to ECL computation. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions is also an area of focus.</p> <p>Considering the significance of the above matter to the overall financial statements, additional complexities involved on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter.</p>	<ul style="list-style-type: none"> • Evaluated the reports and working for the methodology used in the computation of Through The Cycle PD, Point In Time PD and LGD, among others. • Verified that the Company's approved policy in relation to moratorium and restructuring is in accordance with the RBI requirements. Evaluated that the restructuring was approved and implemented in accordance with such policy, and the provisions created on such restructured loan assets were in accordance with the Company's policy. • Performed test of details over calculations of ECL, in relation to the completeness and accuracy of data. • Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable. • Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 35 "Financial risk management" and ECL disclosed in the accompanying financial statements, including disclosure of key judgements and assumptions involved, in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.
<p>Information Technology system for the financial reporting process</p>	
<p>The Holding Company is highly dependent upon its information technology (IT) systems for carrying out its operations and processing significant volume of transactions, which impacts key financial accounting and reporting activities. The Holding company has put in place the IT General Controls and application controls to ensure that the information produced by the company complete, accurate and reliable. Among other things, the Management also uses the information produced by the entity's IT systems for accounting and preparation and the presentation of the of the financial statements.</p>	<p>Our audit procedures for assessment of the IT systems and controls over financial reporting, included but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's key IT systems, IT General Controls which covered access controls, program/ system changes, program development and computer operations i.e. job processing, data/ system backup and incident management and application controls relevant to our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Since our audit strategy included focus on entity's key IT systems relevant to our audit due to their potential pervasive impact on the financial statements, we have determined the audit of IT systems and related control environment for accounting and financial reporting as a key audit matter.</p>	<ul style="list-style-type: none"> • Tested the design, implementation and operating effectiveness of the general IT controls over the key IT systems that are critical to financial reporting. This included evaluation of entity's controls to ensure segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being re-certified during the period of audit. Further, controls related to program change were evaluated to verify whether the changes were approved, tested in an environment that was segregated from production and moved to production by appropriate users; • Tested application controls (automated controls), related interfaces and report logic for system generated reports relevant to the audit of loans, expenses, payroll, borrowings and investment among others, for evaluating completeness and accuracy; • Tested compensating controls or performed alternate audit procedures to assess whether there were any unaddressed IT risks that would impact the controls or completeness and/or accuracy of data.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report 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 will 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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Management and the Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Holding Company and its associates in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Management and the Board of Directors of the Holding Company and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Holding 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
8. 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 the Holding Company and of its associates 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 intend to liquidate the Holding Company or to cease operations, or has no realistic alternative but to do so.
9. The respective Board of Directors are also responsible for overseeing the financial reporting process of Holding Company and its associates.

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

10. 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 Standards on Auditing 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.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, 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 whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Board of Directors;
 - Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Holding Company and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Holding Company and its associates to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - 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 statements of such entities included in the consolidated financial statements, of which we are the independent auditors. We remain solely responsible for our audit opinion.
12. 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.
13. 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.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. The consolidated financial statements include the Holding Company's share of net profit (including other comprehensive income) of ₹ 53 lacs for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of 3 associates, whose financial information have not been audited by us. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid 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, are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this unaudited financial information is not material to the Holding Company.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the unaudited financial information certified by the management.

16. The consolidated financial statements of the Holding Company and its associates for the year ended 31 March 2021 were audited by the predecessor auditor, BSR & Co LLP, Chartered Accountants, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 22 April 2021.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit, we report that the Holding Company, covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we report that there are no qualifications or adverse remarks reported in the Order reports issued by us, of the Holding Company. Further, following are the companies included in the consolidated financial statements for the year ended 31 March 2022 and covered under that Act for which the financial information furnished to us by the management is unaudited till date and for which respective reports under section 143(11) of the Act of such companies have not yet been issued by their respective statutory auditors, as per the information and explanation given to us by the management in this respect.

S No	Name	CIN	Subsidiary/ Joint Venture	Associate/
1	Fincare Business Services Limited	U74900KA2014PLC075614	Associates	
2	TVS Supply Chain Solutions Limited	U63011TN2004PLC054655	Associates	
3	Fincare Small Finance Bank Limited	U67120GJ1995PLC025373	Associates	

19. As required by section 143(3) of the Act, based on our audit and based on the unaudited financial information of the associates, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - 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;
 - The consolidated financial statements 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;
 - in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
 - On the basis of the written representations received from the directors of the Holding Company, and taken on record by the Board of Directors of the Holding Company, covered under the Act, none of the directors of the Holding Company covered under the Act, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its associate companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and

- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the other unaudited financial information of the associates:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company as detailed in Note 42 to the consolidated financial statements;
 - ii. Provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts, as detailed in note 42(iii) to the consolidated financial statements;
 - 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 2022;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c. Based on such audit procedures performed, as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement
 - v. The dividend declared during the year ended 31 March 2022 by the Holding Company is in compliance with section 123 of the Act.

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

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

Khushroo B. Panthaky
Partner
Membership No:042423

Sanjay Khemani
Partner
Membership No.044577

UDIN: 22042423AHMICZ6082

UDIN: 22044577AHMMWK8169

Place: Mumbai
Date: 21 April 2022

Place: Mumbai
Date: 21 April 2022

Annexure 1

List of entities included in the Statement

1. Fincare Business Services Limited
2. TVS Supply Chain Solutions Limited
3. Fincare Small Finance Bank Limited

Annexure I to the Independent Auditor's Report of even date to the members of Tata capital Financial Services Limited on the Consolidated financial statements for the year ended 31 March 2022

Independent Auditor's Report on the internal financial controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

(Referred to in paragraph 1(A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. In conjunction with our audit of the consolidated financial statements of **Tata Capital Financial Services Limited** ('the Holding Company') and its associates as at and for the year ended **31 March 2022**, we have audited the internal financial controls with reference consolidated financial statements to the of the Holding Company and its associate companies, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Company's management and the Board of Directors of the Holding Company and its associate companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). 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 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 financial statements of the Holding Company and its associate companies as aforesaid.

Annexure I (Contd)

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Holding Company and its associates, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI .

Other Matter

9. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 3 associate companies, which are companies covered under the Act, in respect of which, the Holding Company's share of net profit (including other comprehensive income) of ₹ 53 lacs for the year ended 31 March 2022 has been considered in the consolidated financial statements. The internal financial controls with reference to financial statements of these associate companies, which are companies covered under the Act, are unaudited whose financial information, in our opinion and according to the information and explanations given to us by the management, is not material to the Holding Company. Our opinion under section 143(3)(i) of the Act on adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the aforesaid associates, which are companies covered under the Act, is not modified in respect of the above matter.

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

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

Khushroo B. Panthaky
Partner
Membership No:042423

Sanjay Khemani
Partner
Membership No:044577

UDIN: 22042423AHMICZ6082

UDIN:22044577AHMMWK8169

Place: Mumbai
Date: 21 April 2022

Place: Mumbai
Date: 21 April 2022

Tata Capital Financial Services Limited

Consolidated Balance Sheet

as at March 31, 2022

(Rs. in lakh)

Particulars	Note	As at March 31, 2022 (Audited)	As at March 31, 2021 (Audited)
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	1,11,722	1,00,316
(b) Bank balances other than (a) above	4	178	109
(c) Derivative financial instruments	6	987	-
(d) Receivables			
(i) Trade receivables	5	926	1,962
(ii) Other receivables		-	-
(e) Loans	7	53,80,979	42,83,828
(f) Investments	8	2,67,361	1,30,798
(g) Other financial assets	9	30,209	62,333
Total financial assets		57,92,362	45,79,346
(2) Non-financial assets			
(a) Current tax assets (net)	12(i)	11,932	11,551
(b) Deferred tax assets (net)	12(ii)	65,688	56,693
(c) Property, plant and equipment	10	46,996	67,532
(d) Capital work-in-progress	10(i)	22	-
(e) Intangible assets under development	10(ii)	569	633
(f) Other intangible assets	10	1,867	2,018
(g) Right of use assets	39	7,801	7,294
(h) Other non-financial assets	11	19,090	16,377
Total non-financial assets		1,53,965	1,62,098
Total Assets		59,46,327	47,41,444
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial instruments	6	28,987	18,222
(b) Payables			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	13(ii)	68	81
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13(i)	84,411	64,047
(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	22,90,671	20,05,053
(d) Borrowings (other than debt securities)	15	21,85,506	14,63,342
(e) Subordinated liabilities	16	4,32,060	3,55,532
(f) Lease liabilities	39	8,511	8,092
(g) Other financial liabilities	17	1,00,810	1,21,047
Total financial liabilities		51,31,024	40,35,416
(2) Non-Financial liabilities			
(a) Current tax liabilities (net)	18	26,719	20,316
(b) Provisions	19	3,365	2,543
(c) Other non-financial liabilities	20	9,002	9,748
Total non-financial liabilities		39,086	32,607
(3) Equity			
(a) Equity share capital	21	1,65,987	1,62,993
(b) Other equity	22	6,10,230	5,10,428
Total equity		7,76,217	6,73,421
Total Liabilities and Equity		59,46,327	47,41,444
Significant accounting policies	2		
See accompanying notes forming part of the financial statements	3-56		

In terms of our report of even date
For **Walker Chandio & Co LLP**
Chartered Accountants

Firm's Registration No: 001076N/N500013

In terms of our report of even date
For **M M Nissim & Co LLP**
Chartered Accountants

Firm's Registration No: 107122W/W100672

For and on behalf of the Board of Directors

Khushroo B. Panthaky
(Partner)

Membership No: 042423

Mumbai

April 21, 2022

Sanjay Khemani
(Partner)

Membership No: 044577

Mumbai

April 21, 2022

Rajiv Sabharwal
(Chairman)

(DIN No. : 00057333)

Mumbai

April 21, 2022

F.N. Subedar
(Director)

(DIN No. : 00028428)

Mumbai

April 21, 2022

Anuradha E. Thakur
(Director)

(DIN No. : 06702919)

Mumbai

April 21, 2022

Varsha Purandare
(Director)

(DIN No. : 05288076)

Pune

April 21, 2022

Sarosh Amaria
(Managing Director)

(DIN No. : 08733676)

Mumbai

April 21, 2022

Jaykumar Shah
(Chief Financial Officer)

(DIN No. : 08733676)

Mumbai

April 21, 2022

Sonali Punekar
(Company Secretary)

(DIN No. : 08733676)

Mumbai

April 21, 2022

Tata Capital Financial Services Limited

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

(Rs. in lakh)

Particulars	Note	For the year ended	For the year ended
		March 31, 2022	March 31, 2021
		(Audited)	(Audited)
I Revenue from operations			
(i) Interest income	23	5,65,696	5,25,499
(ii) Dividend income	24	73	1
(iii) Rental income	25	30,660	38,140
(iv) Fees and commission income	26	13,282	9,407
(v) Net gain on fair value changes	27	10,911	18,624
(vi) Net gain on derecognition of investment measured at cost		-	534
Total Revenue from operations		6,20,622	5,92,205
II Other income	28	8,098	7,252
III Total Income (I+II)		6,28,720	5,99,457
IV Expenses			
(i) Finance costs	29	2,83,300	2,89,885
(ii) Impairment of financial instruments	31	88,950	1,01,294
(iii) Employee benefit expenses	30	55,064	43,811
(iv) Depreciation, amortisation and impairment	10	25,982	31,974
(v) Other expenses	32	67,403	49,989
Total expenses (IV)		5,20,699	5,16,953
V Profit before exceptional items and tax (III-IV)		1,08,021	82,504
VI Exceptional Items		-	-
VII Share in profit/(loss) of associates		51	(238)
VIII Profit before tax (V+VI+VII)		1,08,072	82,266
IX Tax expense			
(1) Current tax	12(i)	36,245	20,240
(2) Deferred tax	12(ii)	(9,946)	(5,431)
Total tax expense		26,299	14,809
X Profit for the year (VIII-IX)		81,773	67,457
XI Other Comprehensive Income			
(i) Items that will be reclassified subsequently to statement of profit and loss			
(a) Fair value (loss)/gain on financial assets carried at Fair Value Through Other Comprehensive Income (FVTOCI)		(238)	161
(b) Income tax relating to fair value gain/(loss) on financial assets carried at FVTOCI		93	(41)
(c) The effective portion of gain/(loss) on hedging instruments in a cash flow hedge		4,142	(2,047)
(d) Income tax relating to the effective portion of (loss)/gain on hedging instruments in a cash flow hedge		(1,042)	515
(e) Share of other comprehensive income in associates (net)		2	2
(ii) Items that will not be reclassified subsequently to statement of profit and loss			
(a) Remeasurement of defined employee benefit plans		(308)	804
(b) Income tax relating to the remeasurement of defined employee benefit plans		78	(202)
Total Other Comprehensive Income		2,727	(808)
Total Comprehensive Income for the year (IX+X)		84,500	66,649
XIII Earnings per equity share (Face value : Rs. 10 per share) :			
(1) Basic (Rupees)		5.02	4.14
(2) Diluted (Rupees)		5.02	4.14

Significant accounting policies

See accompanying notes forming part of the financial statements

2

3-56

In terms of our report of even date
For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

In terms of our report of even date
For **M M Nissim & Co LLP**
Chartered Accountants
Firm's Registration No: 107122W/W100672

For and on behalf of the Board of Directors

Khushroo B. Panthaky
(Partner)
Membership No: 042423
Mumbai
April 21, 2022

Sanjay Khemani
(Partner)
Membership No: 044577
Mumbai
April 21, 2022

Rajiv Sabharwal
(Chairman)
(DIN No. : 00057333)
Mumbai
April 21, 2022

F.N. Subedar
(Director)
(DIN No. : 00028428)
Mumbai
April 21, 2022

Anuradha E. Thakur
(Director)
(DIN No. : 06702919)
Mumbai
April 21, 2022

Varsha Purandare
(Director)
(DIN No. : 05288076)
Pune
April 21, 2022

Sarosh Amaria
(Managing Director)
(DIN No. : 08733676)
Mumbai
April 21, 2022

Jaykumar Shah
(Chief Financial Officer)
(DIN No. : 06702919)
Mumbai
April 21, 2022

Sonali Puneekar
(Company Secretary)
Mumbai
April 21, 2022

Tata Capital Financial Services Limited

Statement of Consolidated Cash Flow

for the year ended March 31, 2022

(Rs. in lakh)

Particulars	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
		(Audited)	(Audited)
1 CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		1,08,072	82,266
Adjustments for :			
Depreciation, amortisation and impairment		25,982	31,974
Net (gain) / loss on derecognition of property, plant and equipment		(745)	157
Net gain on modification/derecognition of right-of-use assets		(169)	(111)
Finance cost		2,83,300	2,89,885
Interest income		(5,65,696)	(5,25,499)
Dividend Income		(73)	(1)
Net gain on fair value changes			
- Realised		(9,249)	(11,030)
- Unrealised		(1,662)	(7,594)
Net gain on derecognition of investment measured at cost		-	(534)
Share based payments		415	303
Share in (profit)/loss of associates		(51)	238
Provision for leave encashment		86	(106)
Impairment loss allowance on loans		88,971	1,01,282
Provision against trade receivables		(26)	12
Provision against assets held for sale		(1)	(466)
Operating Profit/(Loss) before working capital changes and adjustments for interest received, interest paid and dividend received		(70,846)	(39,224)
Adjustments for :			
Decrease in trade receivables		1,062	2,086
Increase in trade payables		20,351	13,009
Increase in loans		(11,60,604)	(1,25,376)
Decrease/(Increase) in other financial assets		32,561	(12,139)
(Increase)/Decrease in other non financial assets		(5,650)	4,489
Increase in other financial liabilities		(23,223)	39,416
(Decrease)/Increase in other non financial liabilities		(944)	2,834
Cash used in operations before adjustments for interest received, interest paid and dividend received		(12,07,293)	(1,14,905)
Interest paid		(2,74,600)	(2,62,702)
Interest received		5,37,638	5,22,014
Dividend received		73	1
Cash (used in)/generated from operations		(9,44,181)	1,44,407
Taxes paid		(30,143)	(6,718)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES (A)		(9,74,324)	1,37,689
2 CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (including capital advances)		(1,838)	(5,524)
Proceeds from sale of property, plant and equipment		6,295	5,517
Purchase of investments		(5,22,930)	(1,29,356)
Purchase of mutual fund units		(1,64,00,180)	(8,67,96,959)
Proceeds from redemption of mutual fund units		1,63,43,194	8,68,02,074
Proceeds from sale of investments		4,56,622	32,581
Fixed deposits placed		(5)	-
NET CASH USED IN INVESTING ACTIVITIES (B)		(1,18,842)	(91,667)
3 CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Equity Shares		30,000	-
Debt issue / loan processing expenses		(1,739)	(1,349)
Interim dividend paid on equity shares		(12,061)	(14,995)
Proceeds from borrowings (other than debt securities)		33,33,249	19,76,211
Proceeds from debt securities		52,64,908	26,36,650
Proceeds from subordinated liabilities		75,000	47,408
Repayment of borrowings (other than debt securities)		(26,08,752)	(22,04,300)
Repayment of debt securities		(49,71,966)	(25,40,243)
Repayment of subordinated liabilities		(485)	(165)
Repayment of lease liabilities		(3,582)	(3,389)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES (C)		11,04,572	(1,04,172)

TATA Capital Financial Services Limited

Consolidated Cash Flow Statement (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

Particulars	<i>Note</i>	For the year ended March 31, 2022	For the year ended March 31, 2021
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		11,406	(58,150)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		1,00,316	1,58,466
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		1,11,722	1,00,316

Significant accounting policies

2

See accompanying notes forming part of the financial statements

3-56

In terms of our report of even date
For **Walker Chandok & Co LLP**
Chartered Accountants

In terms of our report of even date
For **M M Nissim & Co LLP**
Chartered Accountants

For and on behalf of the Board of Directors

Firm's Registration No: 001076N/N500013

Firm's Registration No: 107122W/W100672

Khushroo B. Panthaky

(Partner)

Membership No: 042423

Mumbai

April 21, 2022

Sanjay Khemani

(Partner)

Membership No: 044577

Mumbai

April 21, 2022

Rajiv Sabharwal

(Chairman)

(DIN No. : 00057333)

Mumbai

April 21, 2022

F.N. Subedar

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April 21, 2022

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(DIN No. : 06702919)

Mumbai

April 21, 2022

Varsha Purandare

(Director)

(DIN No. : 05288076)

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April 21, 2022

Sarosh Amaria

(Managing Director)

(DIN No. : 08733676)

Mumbai

April 21, 2022

Jaykumar Shah

(Chief Financial Officer)

(DIN No. : 06702919)

Mumbai

April 21, 2022

Sonali Punekar

(Company Secretary)

(DIN No. : 06702919)

Mumbai

April 21, 2022

Tata Capital Financial Services Limited

Statement of Changes in Equity

for the year ended March 31, 2022

(Rs. in lakh)

a. Equity share capital

Particulars	Rs. in Lakh
Balance as at April 1, 2020	1,62,993
Changes in equity share capital due to prior period errors	-
Restated balance as at April 1, 2020	1,62,993
Changes in equity share capital during the year	-
Balance as at March 31, 2021	1,62,993
Balance as at April 1, 2021	1,62,993
Changes in equity share capital due to prior period errors	-
Restated balance as at April 1, 2021	1,62,993
Changes in equity share capital during the year	2,994
Balance at March 31, 2022	1,65,987

b. Other equity

Particulars	Reserves and surplus					Item of other comprehensive income					Total other equity
	Securities premium	Debt 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	Share in profit of associates	
Balance at April 1, 2020	3,34,897	30,000	51,073	42,584	856	495	(587)	(889)	25	16	4,58,470
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2020	3,34,897	30,000	51,073	42,584	856	495	(587)	(889)	25	16	4,58,470
Profit for the year	-	-	-	67,457	-	-	-	-	-	-	67,457
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	(1,531)	602	120	2	(807)
Total comprehensive income for the year	-	-	-	67,457	-	-	(1,531)	602	120	2	66,650
Transfer to stock reserve - equity settled options	-	-	-	-	328	(328)	-	-	-	-	-
Share based payment expense	-	-	-	-	-	303	-	-	-	-	303
Interim Dividend on equity shares	-	-	-	(14,995)	-	-	-	-	-	-	(14,995)
Transfer to Special Reserve Account	-	-	13,540	(13,540)	-	-	-	-	-	-	-
Balance at March 31, 2021	3,34,897	30,000	64,613	81,506	1,184	470	(2,118)	(287)	145	18	5,10,428
Balance at April 1, 2021	3,34,897	30,000	64,613	81,506	1,184	470	(2,118)	(287)	145	18	5,10,428
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2021	3,34,897	30,000	64,613	81,506	1,184	470	(2,118)	(287)	145	18	5,10,428
Profit for the year	-	-	-	81,773	-	-	-	-	-	-	81,773
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	3,100	(230)	(145)	2	2,727
Total comprehensive income for the year	-	-	-	81,773	-	-	3,100	(230)	(145)	2	84,500
Transfer to stock reserve - equity settled options	-	-	-	-	126	(126)	-	-	-	-	-
Share based payment expense	-	-	-	-	-	357	-	-	-	-	357
Premium on issue of Equity Shares	27,006	-	-	-	-	-	-	-	-	-	27,006
Interim Dividend on equity shares	-	-	-	(12,061)	-	-	-	-	-	-	(12,061)
Transfer to Special Reserve Account	-	-	16,344	(16,344)	-	-	-	-	-	-	-
Balance at March 31, 2022	3,61,903	30,000	80,957	1,34,874	1,310	701	982	(517)	-	20	6,10,230

Significant accounting policies

See accompanying notes forming part of the financial statements

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In terms of our report of even date

For Walker Chandio & Co LLP
Chartered Accountants

Firm's Registration No: 001076N/N500013

In terms of our report of even date

For M M Nissim & Co LLP
Chartered Accountants

Firm's Registration No: 107122W/W100672

For and on behalf of the Board of Directors

Khushroo B. Panthaky

(Partner)

Membership No: 042423

Mumbai

April 21, 2022

Sanjay Khemani

(Partner)

Membership No: 044577

Mumbai

April 21, 2022

Rajiv Sabharwal

(Chairman)

(DIN No. : 000573333)

Mumbai

April 21, 2022

F.N. Subedar

(Director)

(DIN No. : 00028428)

Mumbai

April 21, 2022

Anuradha E. Thakur

(Director)

(DIN No. : 06702919)

Mumbai

April 21, 2022

Varsha Purandare

(Director)

(DIN No. : 05288076)

Pune

April 21, 2022

Sarosh Amaria

(Managing Director)

(DIN No. : 08733676)

Mumbai

April 21, 2022

Jaykumar Shah

(Chief Financial Officer)

Mumbai

April 21, 2022

Sonali Punekar

(Company Secretary)

Mumbai

April 21, 2022

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements

as at March 31, 2022

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 The Holding 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 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") (as amended), other relevant provisions of the Act, guidelines issued by the Reserve Bank of India as applicable to an NBFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS required a change in the accounting policy hitherto in use. The financial statements were authorised for issue by the Board of Directors (BOD) on April 21, 2022.

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 Holding Company'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 Holding 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 Holding 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:

TATA CAPITAL FINANCIAL SERVICES LIMITED

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

Items	Measurement basis
Certain financial assets and liabilities (including derivatives instruments)	Fair value
Net defined benefit (asset)/liability	Fair value of planned assets less present value of defined benefit obligations
Property plant and equipment	Value in use under Ind AS 36

Fair values are categorized into different levels (Level 1, Level 2 or Level 3) in a fair value hierarchy based on the inputs used in the valuation techniques. When measuring the fair value of an asset or a liability, The Holding Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The levels are described as follows:

- a. Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that The Holding 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 Holding 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 Holding Company 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 Holding 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 ended March 31, 2022 are included in the following notes:

- Note xiii - impairment test of non-financial assets: key assumption underlying recoverable amounts.
- Note xii - The Holding Company's EIR methodology: rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/taken
- Note xiii - 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 xxii – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note xv – measurement of defined benefit obligations: key actuarial assumptions.
- Note 34 – 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.

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 is 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.

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

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 Holding Company assesses the collectability of the interest on credit impaired assets at each reporting date. Based on the outcome of such assessment, the interest income accrued on credit impaired financial assets are either accounted for as income or written off as per the write off policy of the Company.

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 Holding 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 Holding 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 Holding 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 Holding 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 Holding Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which The Holding Company expects to be entitled in exchange for satisfying each performance obligation.

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

TATA CAPITAL FINANCIAL SERVICES LIMITED

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

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 Holding 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.

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

The Holding Company presents right-of-use assets and lease liabilities separately on the face of the Balance sheet. Lease payments (including interest) have been classified as financing cashflows.

The Holding 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

TATA CAPITAL FINANCIAL SERVICES LIMITED

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

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 Holding 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 Holding Company uses incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. The carrying amount of lease liability is remeasured to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. A change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not be exercised.

The Holding 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 Holding 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.

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.

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 liability.

TATA CAPITAL FINANCIAL SERVICES LIMITED

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

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

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 Holding Company's balance sheet on trade date, i.e. when The Holding 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 Holding 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 Holding 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 Holding Company may irrevocably elect to present subsequent changes in the investment's fair value

TATA CAPITAL FINANCIAL SERVICES LIMITED

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

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 Holding Company may irrevocably designate the financials assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL, if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

Investment in associates are recognised at cost.

Business model assessment

The Holding 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 Holding 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 Holding Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model. The Holding 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 Holding 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 Holding Company considers:

- Contingent events that would change the amount or timing of cash flows;

TATA CAPITAL FINANCIAL SERVICES LIMITED

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

- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit The Holding 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 Consolidated 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 Holding 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 Holding Company's financial assets.

Impairment of Financial Asset

Impairment approach

Overview of the Expected Credit Losses (ECL) principles

The Holding 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 Holding Company's policies for determining if there has been a significant increase in credit risk are set out in Note 35A.

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

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

TATA CAPITAL FINANCIAL SERVICES LIMITED

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

Stage 1: When loans are first recognised, The Holding 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 Holding 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. Once an account defaults as a result of the DPD condition, it will be considered to be cured only when entire arrears of interest and principal are paid by the borrower. 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 Holding 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 Holding 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 Holding 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 Holding Company's revenue recognition policies. The Holding Company has not designated any financial guarantee contracts as FVTPL.

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

The Measurement of ECLs

The Holding 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

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

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

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

The mechanics of the ECL method are summarised below:

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

Stage 2 When a loan has shown a significant increase in credit risk since origination, The Holding Company records an allowance for the LTECLs. The mechanics are similar to those

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

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 Holding 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 Holding Company relies on broad range of forward looking information for economic inputs.

The Holding 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 Holding 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 Holding Company's internal processes and when The Holding 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 Holding 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 Holding Company seeks to use collateral, where possible as per the powers conferred on the Non Banking Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

The Holding Company provides fully secured, partially secured and unsecured loans to individuals and Corporates. In its normal course of business upon account becoming

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Notes forming part of the Consolidated Financial Statements (Continued)

delinquent, The Holding Company physically repossess properties or other assets in its retail portfolio. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties, vehicles, plant and machinery under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale unless the title is also transferred in the name of the Company.

Presentation of ECL allowance for financial asset:

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

Modification and De-recognition of financial assets

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Holding 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 The Holding Company of similar financial assets) is derecognised when:

- 1) the rights to receive cash flows from the asset have expired, or
- 2) The Holding 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 Holding Company has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset

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

If The Holding Company retains substantially all the risks and rewards of ownership of a transferred financial asset, The Holding 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 Holding Company 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 Holding 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 Holding Company are recognised at the proceeds received, net of direct issue costs.

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

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to The Holding Company or a contract that will or may be settled in The Holding Company's own equity instruments and is a non-derivative contract for which The Holding 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 Holding Company's own equity instruments.

Classification

The Holding 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 Holding Company derecognises financial liabilities when, and only when, The Holding 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 Holding 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 Holding 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 Holding Company's own equity instruments.

Compound instruments

The Holding Company has issued financial instruments with equity conversion rights and call options. When establishing the accounting treatment for these non-derivative instruments, The Holding Company first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the

instrument, the amount separately determined for the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component. Once The Holding 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 Holding 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 Holding 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 Holding Company documents the risk management objective and strategy for undertaking the hedge. The Holding Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

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

The Holding 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

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

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

PPE acquired by The Holding 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 Holding Company and the cost of the item can be measured reliably. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

b) Capital work-in-progress

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress" and carried at cost, comprising direct cost, related incidental expenses and attributable interest.

c) Other Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to The Holding Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits

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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 Holding 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 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.

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Notes forming part of the Consolidated Financial Statements (Continued)

Estimated useful life considered by The Holding 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
Computer Equipment	Owned: 3 to 4 years
Office Equipment	Owned: 5 years
Vehicles	Owned: 4 years
Software Licenses	Owned: 1 to 10 years
Buildings	25 years
Plant & Machinery	Owned: 10 years

In case of leased assets, useful life is considered as per the lease period.

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 Holding 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.

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 Holding 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.

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 Holding Company makes Provident Fund contributions, a defined benefit plan for qualifying employees. Under the Schemes, both employees and The Holding 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 Holding 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.

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 Holding Company's Stock Options Schemes, are measured at the fair value of the options at the grant date as per Black and Scholes model. The fair value of the options is treated as discount and accounted as employee compensation cost, with a corresponding increase in other equity, over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense, with a corresponding increase in other equity, in respect of such grant is transferred to the General reserve within other equity.

xvi. Foreign currency transactions

Transactions in currencies other than The Holding 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 Holding Company and foreign operations has been determined based on the primary economic environment in which The Holding 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.

xvii. Operating Segments

The Holding Company's main business is financing by way of loans for retail and corporate borrowers in India. The Holding Company's operating segments consist of "Financing Activity",

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

"Investment Activity" and "Others". All other activities of The Holding 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 Holding 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 Holding 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 Holding Company's other components, and for which discrete financial information is available. Accordingly, all operating segment's operating results of The Holding 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" 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/expense 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 Holding 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.

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 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 Holding Company 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 Holding 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 Holding 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 Holding Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision

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.

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.

xxvi. Recent amendments :

The following amendments to standards have been issued and will be effective from April 01, 2022. The Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

- Indian Accounting Standard (Ind AS) 103 – Business Combinations – Qualifications prescribed for recognition of the identifiable assets acquired and liabilities assumed, as part of applying the acquisition method – should meet the definition of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the ICAI at the acquisition date. Modification to the exceptions to recognition principle relating to contingent liabilities and contingent assets acquired in a business combination at the acquisition date.
- Indian Accounting Standard (Ind AS) 109 – Financial Instruments – Modification in accounting treatment of certain costs incurred on derecognition of financial liabilities
- Indian Accounting Standard (Ind AS) 16 - Property, Plant and Equipment – Modification in treatment of excess of net sale proceeds of items produced over the cost of testing as part of cost of an item of property, plant, and equipment.
- Indian Accounting Standard (Ind AS) 37 - Provisions, Contingent Liabilities and Contingent Assets – Modifications in application of recognition and measurement principles relating to onerous contracts

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

3. CASH AND CASH EQUIVALENTS

PARTICULARS	As at March 31, 2022	As at March 31, 2021
(a) Cash on hand	14	12
(b) Balances with banks		
- In current accounts	98,331	99,065
- In deposit accounts	13,006	-
(c) Cheques on hand	371	1,239
Total	1,11,722	1,00,316

Note:

- (i) As at March 31, 2022, the Company had undrawn committed borrowing facilities of Rs. 4,37,500 Lakh (March 31, 2021 : Rs. 4,43,500 Lakh).

4. OTHER BALANCES WITH BANKS

PARTICULARS	As at March 31, 2022	As at March 31, 2021
(a) Balances with banks in current accounts (refer note (i) below)	131	69
(b) Balances with banks in deposit accounts (Refer note (ii) and (iii) below)	47	40
Total	178	109

Note:

- (i) Pertains balance in current account towards unclaimed matured debentures, unclaimed application money 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.
- (iii) Deposits amounting to Rs. 25 lakh (March 31, 2021 : Rs. 25 lakh) pertain to collateral deposits with banks for Aadhaar authentication.

5. TRADE RECEIVABLES

PARTICULARS	As at March 31, 2022	As at March 31, 2021
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	813	1,962
(iii) Receivables which have significant increase in credit risk - unsecured	132	45
(iv) Receivables - credit impaired - unsecured	-	-
	<u>945</u>	<u>2,007</u>
Less: Allowance for impairment loss	19	45
Total	926	1,962

Trade receivables include amounts due from the related parties Rs. 131 lakh (March 31, 2021: Rs. 115 lakh).

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

5. TRADE RECEIVABLES (Continued)

PARTICULARS	Unbilled Dues	Not Due	As at March 31, 2022				Total
			Less than 6 months	6 months -1 year	1-2 years	2-3 years	
(i) Undisputed Trade receivables – considered good	-	-	797	16	-	-	813
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	57	12	63
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total							945

Note : Ageing of the trade receivables is determined from the date of transaction.

PARTICULARS	Unbilled Dues	Not Due	As at March 31, 2021				Total
			Less than 6 months	6 months -1 year	1-2 years	2-3 years	
(i) Undisputed Trade receivables – considered good	-	-	1,694	119	98	51	1,962
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	13	15	17	45
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total							2,007

Note : Ageing of the trade receivables is determined from the date of transaction.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

6. Derivative financial instruments

As at March 31, 2022

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	176	14,455	2,22,465	-	28,573
Interest rate swap	-	-	-	899	116
Cross currency swap	100	-	75,520	88	298
Total	276	14,455	2,97,985	987	28,987

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	114	14,555	1,79,489	-	15,104
Interest rate swap	-	-	-	-	1,758
Cross currency interest rate swap	50	-	36,615	-	1,304
Interest rate Cap	-	-	-	-	56
Total	164	14,555	2,16,103	-	18,222

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

As at March 31, 2022

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	1,32,873	-	3,746	82.59	(3,746)
INR JPY - Forward exchange contracts	89,592	-	24,826	0.82	(24,826)
INR USD - Currency Swaps	75,520	88	298	76.21	(210)

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)	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	(1,304)

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

6. Derivative financial instruments (Continued)

Hedged item

As at March 31, 2022

(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	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
FCY Term Loans	1,532	(27,652)	-	-

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	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
FCY Term Loans	(1,258)	(17,796)	-	-

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, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Forward exchange contracts and Currency swaps	(9,584)	(13,939)	-	-

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

PARTICULARS	As at March 31, 2022	As at March 31, 2021
Opening Balance	(2,118)	(586)
Effective portion of changes in fair value Currency Swap	1,094	(1,304)
Effective portion of changes in fair value Interest rate risk	2,540	730
Effective portion of changes in fair value Interest rate Cap	56	36
Effective portion of changes in fair value foreign currency risk	(13,468)	(19,977)
Foreign currency translation differences	2,790	7,342
Foreign currency translation differences on interest	(272)	(130)
Amortisation of forward premium	11,402	11,256
Tax on movements on reserves during the year	(1,042)	515
Closing Balance	982	(2,118)

All hedges are 100% effective i.e. there is no ineffectiveness (refer note 36)

6.4 Net investment hedging : Nil

6.5 Undesignated Derivatives : Nil

6.6 Average fixed interest rate:

- Interest rate swap: 1.85%

- Cross currency swap: 6.74%

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

7. LOANS

PARTICULARS	As at March 31, 2022	As at March 31, 2021
LOANS		
(A)		
- Amortised Cost		
(i) Bills purchased and bills discounted	2,37,005	1,18,666
(ii) Loans repayable on demand (refer note 7(h) below)	7,356	6,536
(iii) Term loans	49,50,867	40,75,020
(iv) Credit substitutes (refer note 7(a) below)	2,44,152	1,72,320
(v) Finance lease and hire purchase	1,61,039	92,515
(vi) Retained portion of assigned loans	1,212	1,658
- At Fair Value through Other Comprehensive Income		
- Term loans	-	4,649
- At Fair Value through Profit and Loss		
- Credit substitutes (refer note 7(a) below)	2,519	1,000
Gross Loans	<u>56,04,150</u>	<u>44,72,364</u>
Less : Impairment loss allowance (refer note 7(b) and 7(c) below)		
- Stage I & II	1,12,453	82,941
- Stage III	98,393	94,077
Loans net of impairment loss allowance	<u>53,93,304</u>	<u>42,95,346</u>
Add: Unamortised loan sourcing costs	12,928	8,004
Less : Revenue received in advance	(25,253)	(19,522)
Total (A)	<u><u>53,80,979</u></u>	<u><u>42,83,828</u></u>
(B)		
(i) Secured by tangible assets (refer note 7(d) below)	37,23,576	30,47,810
(ii) Secured by intangible assets	-	-
(iii) Covered by bank / government guarantees	-	-
(iv) Unsecured (refer note 7(e) below)	18,80,574	14,24,554
Gross Loans	<u>56,04,150</u>	<u>44,72,364</u>
Less : Impairment loss allowance		
- Stage I & II	1,12,453	82,941
- Stage III	98,393	94,077
Loans net of impairment loss allowance	<u>53,93,304</u>	<u>42,95,346</u>
Add: Unamortised loan sourcing costs	12,928	8,004
Less : Revenue received in advance	(25,253)	(19,522)
Total (B)	<u><u>53,80,979</u></u>	<u><u>42,83,828</u></u>
(C)		
(I) Loans in India		
(i) Public sector	-	-
(ii) Others	56,04,150	44,72,364
Gross Loans	<u>56,04,150</u>	<u>44,72,364</u>
Less : Impairment loss allowance		
- Stage I & II	1,12,453	82,941
- Stage III	98,393	94,077
Loans net of impairment loss allowance	<u>53,93,304</u>	<u>42,95,346</u>
Add: Unamortised loan sourcing costs	12,928	8,004
Less : Revenue received in advance	(25,253)	(19,522)
Total (C) (I)	<u><u>53,80,979</u></u>	<u><u>42,83,828</u></u>
(II) Loans outside India		
(i) Public sector	-	-
(ii) Others	-	-
Total - Loans outside India	<u>-</u>	<u>-</u>
Total (C) (I + II)	<u><u>53,80,979</u></u>	<u><u>42,83,828</u></u>

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

7. LOANS (Continued)

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. Nil lakh (March 31, 2021 : Rs. 18 lakh)
7. c. Impairment loss allowance includes impairment loss allowance on loans under fair value through profit and loss Rs. 6 lakh (March 31, 2021 : Rs 4 lakh)
7. d. Loans secured by tangible assets include loans measured at fair value through profit and loss Rs. 1,000 lakh (March 31, 2021 : Rs. Nil) and loans measured at FVTOCI Rs. Nil (March 31, 2021 : Rs. 4,649 lakh)
7. e. Unsecured loans include loans measured at fair value through profit and loss Rs. 1,519 lakh (March 31, 2021 : Rs. 1,000 lakh) and loans measured at FVTOCI Rs. Nil (March 31, 2021 : Rs. Nil)
7. f. Loans to related parties Rs. 1,15,806 lakh (March 31, 2021 : Rs. 61,862 lakh).
7. g. 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, 2022	As at March 31, 2021
Gross Investments:		
- Within one year	73,682	37,680
- Later than one year and not later than five years	89,795	51,217
- Later than five years	698	717
Total	1,64,175	89,614
Unearned Finance Income:		
- Within one year	22,084	10,935
- Later than one year and not later than five years	3,754	4,261
- Later than five years	16	25
Total	25,854	15,221
Present Value of Rentals *:		
- Within one year	51,598	26,745
- Later than one year and not later than five years	86,041	46,956
- Later than five years	682	692
Total	1,38,321	74,393

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

7. h. Loans repayable on demand pertains to loan given to TCL employee welfare trust and accounts for 0.13% of total gross loans and advances (March 31, 2021 : 0.15%)

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

8. INVESTMENTS

PARTICULARS	As at March 31, 2022	As at March 31, 2021
Investments in India		
(A) Investments carried at fair value through profit or loss		
Fully paid equity shares (quoted)	7,195	10,980
Fully paid equity shares (unquoted)	4,461	3,689
Mutual funds (quoted)	61,658	1,602
Security receipts	8	90
(B) Investments carried at Amortised Cost		
Investment in Government Securities	1,35,990	21,347
Investment in Treasury Bills	56,244	89,056
	2,65,556	1,26,764
(C) Investments carried at cost		
Associates companies		
Fully paid equity shares (unquoted)	1,805	5,569
Less: Diminution in value of investments	-	1,535
Net Carrying value of investments	1,805	4,034
Total Investments	2,67,361	1,30,798

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, 2022

(Rs. in lakh)

8 a. Scrip-wise details of Investments:

PARTICULARS	Face value Per Unit (in Rs)	As at March 31, 2022		As at March 31, 2021	
		No. of Units	Rs in lakh	No. of Units	Rs in lakh
(A) Investments carried at cost					
Associates companies					
Fully paid equity shares (unquoted)					
Fincare Business Services Limited	1	25,47,910	849	25,47,910	849
Shriram Properties Limited	10	-	-	22,23,569	3,935
TVS Supply Chain Solutions Limited	1	14,54,880	806	1,45,488	755
Fincare Small Finance Bank Limited	10	2,38,980	150	9,660	30
			1,805		5,569
Less: Diminution in value of investments			-		1,535
			1,805		4,034
(B) Investments carried at fair value through profit or loss					
Mutual and other funds (quoted)					
HDFC Debt Fund For Cancer Cure	10	-	-	-	-
			-		-
Mutual funds (quoted)					
Tata Liquid Fund Regular Plan - Growth	1000	49,670	1,656	49,670	1,602
Axis Overnight Fund - Reg - Growth	1000	17,82,911	20,001	-	-
HSBC Overnight Fund - Reg - Growth	1000	8,12,830	9,000	-	-
Kotak Overnight Fund - Reg - Growth	1000	19,45,549	22,001	-	-
Mirae Asset Overnight Fund - Reg - Growth	1000	8,28,105	9,000	-	-
			61,658		1,602
Fully paid equity shares (quoted)					
Hindustan Unilever Limited	1	2,000	41	2,000	49
Shriram Properties Limited	10	15,16,413	1,179	-	-
Praj Industries Limited	2	7,52,268	2,997	36,84,593	7,180
The New India Assurance company Limited	5	10,83,376	1,210	10,83,376	1,672
3i Infotech Limited	10	15,19,007	778	2,32,80,000	1,734
Consolidated Construction Consortium Limited	2	4,16,472	9	4,16,472	3
Diamond Power Infra Limited	10	16,31,881	25	16,31,881	-
Gol Offshore Limited	10	6,44,609	-	6,44,609	-
Commercial Engineers & Body Builder Company Limited	10	21,60,192	943	21,85,192	334
Future Consumer Limited	6	32,992	2	32,992	2
Tata Steel BSL Limited	0	-	-	12,315	6
Tata Steel Limited	10	821	11	-	-
IVRCL Limited	2	15,94,857	-	15,94,857	-
			7,195		10,980
Fully paid equity shares (unquoted)					
Aricent Technologies Holdings Limited *	10	8	-	8	0
International Asset Reconstruction Company Private Limited	10	1,39,46,295	4,461	1,39,46,295	3,689
Coastal Projects Limited *	10	59,62,855	-	59,62,855	-
			4,461		3,689
Security Receipts					
International Asset Reconstruction Company Private Limited	1000	1,04,135	8	1,04,135	90
			8		90
(B) Investments carried at Amortised Cost					
Government Securities					
6.84% GOI 2022	100	2,00,00,000	20,788	2,00,00,000	21,347
7.61% GOI 2030	100	30,00,000	3,303	-	-
6.79% GOI 2029	100	20,00,000	2,070	-	-
8.24% GOI 2033	100	25,00,000	2,903	-	-
8.24% GOI 2033	100	19,00,000	2,199	-	-
7.35% GOI 2024	100	2,00,00,000	21,389	-	-
8.20% GOI 2025	100	3,00,00,000	32,309	-	-
8.35% GOI 2022	100	3,00,00,000	31,107	-	-
8.15% GOI 2026	100	95,00,000	10,586	-	-
8.35% GOI 2022	100	90,00,000	9,336	-	-
			1,35,990		21,347
Treasury Bill					
364 DTB 22072021	100	-	-	1,50,00,000	14,849
364 DTB 22072021	100	-	-	1,50,00,000	14,849
364 DTB 28102021	100	-	-	1,50,00,000	14,714
364 DTB 28102021	100	-	-	1,50,00,000	14,715
91 DTB 06052021	100	-	-	1,00,00,000	9,967
182 DTB 22042021	100	-	-	2,00,00,000	19,962
182DTB 28072022	100	1,55,00,000	15,295	-	-
91 DTB 14042022	100	4,10,00,000	40,949	-	-
			56,244		89,056
Total Investments			2,67,360		1,30,798

* Amount less than Rs. 50,000.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

9. OTHER FINANCIAL ASSETS

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
(a) Security deposits	8,004	6,429
(b) Advances recoverable from related parties	173	612
(c) Pass Through Certificate application money (refundable)	-	6,060
(d) Assignment of Negotiable instruments application money (refundable)	10	-
(e) Receivable on sale/redemption of investment	176	162
Less : Provision for receivable on sale/redemption of investment	(162)	(162)
Net receivable on sale/redemption of investment	14	-
(f) Income accrued but not due	7,090	8,113
(g) Advances to employees	43	73
(h) Receivable under letter of credit/buyer's credit facility	12,680	37,255
Less : Provision for letter of credit/buyer's credit facility	99	149
Net receivable under letter of credit/buyer's credit facility	12,581	37,106
(i) Receivable from Government of India towards ex-gratia	-	2,377
(j) Other receivables	2,294	1,563
Total	30,209	62,333

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

10. PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block				Accumulated depreciation and amortisation				Net Carrying Value	
	Opening balance as at April 1, 2021	Additions/ Adjustments	Deletions	Written off during the year	Closing balance as at March 31, 2022	Opening balance as at April 1, 2021	Depreciation/ Amortisation for the year**	Deletions/ Adjustments	Closing balance as at March 31, 2022	As at March 31, 2022
TANGIBLE ASSETS										
Buildings #	3,677	-	-	-	3,677	799	200	-	999	2,678
	3,677	-	-	-	3,677	600	200	-	799	2,878
Leasehold Improvements	2,354	415	30	-	2,740	1,479	263	20	1,722	1,018
	2,436	102	106	78	2,354	1,292	305	117	1,479	875
Furniture & Fixtures	713	104	27	17	773	396	113	24	485	288
	887	17	24	168	713	420	86	109	396	316
Computer Equipment	4,854	1,416	-	-	6,270	3,426	956	0	4,382	1,888
	4,520	366	28	3	4,854	2,429	1,026	29	3,426	1,428
Office Equipment	1,116	190	18	0	1,287	785	189	12	962	326
	1,288	47	43	175	1,116	688	238	141	785	331
Plant & Machinery	199	-	0	-	198	136	25	0	161	37
	233	0	7	28	199	126	34	24	136	63
Vehicles	559	561	77	10	1,032	191	190	29	352	680
	570	261	272	-	559	255	138	202	191	368
ASSETS GIVEN UNDER OPERATING LEASE/RENTAL										
Construction Equipment	10,097	-	1,480	51	8,566	7,164	971	1,266	6,869	1,697
	15,684	-	5,587	-	10,097	7,404	2,511	2,751	7,164	2,933
Vehicles	3,991	-	114	-	3,877	2,525	320	87	2,758	1,119
	3,936	1,341	1,271	15	3,991	2,851	396	723	2,525	1,466
Plant & Machinery	78,875	1,311	10,193	-	69,993	40,103	10,356	9,039	41,420	28,573
	76,490	8,462	6,077	-	78,875	32,139	12,852	4,888	40,103	38,771
Computer Equipment	28,297	242	5,701	97	22,741	16,043	5,129	4,951	16,220	6,521
	26,308	5,715	3,926	-	28,297	13,191	6,224	3,372	16,043	12,254
Furniture & Fixtures	931	-	542	-	389	713	98	495	315	74
	1,310	-	379	-	931	767	254	308	713	219
Office Equipments	2,755	-	147	122	2,485	1,954	529	244	2,239	246
	2,856	-	102	-	2,755	1,322	697	65	1,954	800
Railway Wagons	15,010	-	-	-	15,010	10,832	2,572	-	13,404	1,606
	15,010	-	-	-	15,010	8,081	2,750	-	10,832	4,178
Electrical Installation & Equipments	2,077	-	1,092	-	985	1,426	185	869	742	243
	2,051	37	12	-	2,077	970	462	6	1,426	651
TANGIBLE ASSETS - TOTAL	1,55,505	4,239	19,420	298	1,40,025	87,971	22,096	17,038	93,029	46,996
	1,57,457	16,346	17,833	467	1,55,504	72,535	28,172	12,735	87,971	67,532

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(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, 2021	Additions/ Adjustments	Deletions	Written off during the year	Closing balance as at March 31, 2022	Opening balance as at April 1, 2021	Depreciation/ Amortisation for the year	Deletions/ Adjustments	Closing balance as at March 31, 2022	As at March 31, 2022
INTANGIBLE ASSETS (other than internally generated)										
Software	4,131	578	-	-	4,709	2,114	729	-	2,842	1,867
	<i>3,546</i>	<i>586</i>	<i>0</i>	<i>-</i>	<i>4,131</i>	<i>1,510</i>	<i>604</i>	<i>0</i>	<i>2,114</i>	<i>2,018</i>
INTANGIBLE ASSETS - TOTAL	4,131	578	-	-	4,709	2,114	729	-	2,842	1,867
	<i>3,546</i>	<i>586</i>	<i>0</i>	<i>-</i>	<i>4,131</i>	<i>1,510</i>	<i>604</i>	<i>0</i>	<i>2,114</i>	<i>2,018</i>
Total	1,59,636	4,817	19,420	298	1,44,734	90,085	22,824	17,038	95,872	48,862
	<i>1,61,002</i>	<i>16,932</i>	<i>17,833</i>	<i>467</i>	<i>1,59,635</i>	<i>74,044</i>	<i>28,776</i>	<i>12,736</i>	<i>90,085</i>	<i>69,550</i>

Figures in italics relate to March 31, 2021

Immovable property having net carrying value amounting to Rs. 19 lakh is hypothecated against borrowings, refer notes 14.1 and 36(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 period ended is Rs. 3,158 lakh (March 31, 2021 : Rs. 3,198 lakh)

The Company confirms that, the title deeds of immovable properties are held in the name of the Company.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

10(i) CAPITAL WORK IN PROGRESS

As at March 31, 2022

PARTICULARS	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	22	-	-	-	22
(ii) Projects temporarily suspended	-	-	-	-	-
Total					22

CWIP completion schedule

PARTICULARS	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	22	-	-	-	22
(ii) Projects temporarily suspended	-	-	-	-	-
Total					22

As at March 31, 2021

PARTICULARS	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	-	-	-	-	-
(ii) Projects temporarily suspended	-	-	-	-	-
Total					-

CWIP completion schedule

PARTICULARS	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	-	-	-	-	-
(ii) Projects temporarily suspended	-	-	-	-	-
Total					-

10(ii) INTANGIBLE ASSETS UNDER DEVELOPMENT**As at March 31, 2022**

PARTICULARS	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	322	240	7	-	569
(ii) Projects temporarily suspended	-	-	-	-	-
Total					569

CWIP completion schedule

PARTICULARS	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	569	-	-	-	569
(ii) Projects temporarily suspended	-	-	-	-	-
Total					569

As at March 31, 2021

PARTICULARS	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	623	11	-	-	633
(ii) Projects temporarily suspended	-	-	-	-	-
Total					633

CWIP completion schedule

PARTICULARS	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	385	248	-	-	633
(ii) Projects temporarily suspended	-	-	-	-	-
Total					633

10(iii) 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 March 31, 2022	As at March 31, 2021
- Within one year	19,466	28,842
- Later than one year and not later than five years	22,720	39,900
- Later than five years	2,194	1,659

Accumulated Depreciation on lease assets is Rs. 83,967 lakh (Year ended March, 31, 2021 : Rs. 80,760 lakh).

Accumulated Impairment losses on the leased assets Rs. Nil (Year ended March, 31, 2021 Rs. Nil)

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

11. OTHER NON-FINANCIAL ASSETS

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
(a) Capital advances	100	3,037
(b) Prepaid expenses	1,089	1,089
(c) Gratuity asset (Net)	-	436
(d) Balances with government authorities	17,183	11,211
(e) Assets held-for-sale	3,055	3,056
Less : Provision on assets held-for-sale	3,055	3,056
Net asset held-for-sale	-	-
(f) Other advances	718	604
Total	19,090	16,377

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

12. (i) INCOME TAXES

CURRENT TAX ASSET (NET)

PARTICULARS	As at March 31, 2022	As at March 31, 2021
Advance tax and tax deducted at source (net of provision for tax Rs. 91,304 lakh (March 31, 2021 : Rs. 70,861))	11,932	11,551
Total	11,932	11,551

A The income tax expense consist of the following:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax:		
Current tax expense for the year	36,638	20,240
Current tax benefit pertaining to prior years	(393)	-
	<u>36,245</u>	<u>20,240</u>
Deferred tax (benefit)/charge		
Origination and reversal of temporary differences	(9,946)	(5,431)
Change in tax rates	-	-
	<u>(9,946)</u>	<u>(5,431)</u>
Total income tax expense recognised in the year	26,299	14,809

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, 2022	For the year ended March 31, 2021
Profit before income taxes	1,08,072	82,266
Indian statutory income tax rate	25.168%	25.168%
Expected income tax expense	27,200	20,705
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	-	-
Non deductible expenses	97	441
Tax on income at different rates	(817)	-
Tax pertaining to prior years	(54)	-
Recognition of previously unrecognized tax lossess	(126)	-
Provision for loss disallowed in earlier years, allowed on realization in the current year	-	(3,604)
Income not taxable	-	(2,945)
Current year capital loss on which no deferred tax is created	-	212
Total income tax expense	26,299	14,809

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 Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

12. (i) INCOME TAXES

B. Amounts recognised in OCI

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	(308)	78	(230)	804	(202)	602
Items that are or may be reclassified subsequently to profit or loss						
Fair value gain on Financial Assets carried at FVTOCI	(238)	93	(145)	161	(41)	120
The effective portion of gains and loss on hedging instruments in a cash flow hedge	4,142	(1,042)	3,100	(2,047)	515	(1,532)
Total	3,596	(871)	2,725	(1,082)	272	(810)

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

12. (ii) DEFERRED TAX ASSET

The major components of deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

Particulars	Opening Balance	Recognised / (reversed) through profit and loss	Change in Tax Rate	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
Deferred Tax Assets :-						
(a) Impairment loss allowance - Stage III	22,602	203	-	-	-	22,805
(b) Impairment loss allowance - Stage I & II	21,180	7,543	-	-	-	28,723
(d) Employee benefits	349	22	-	-	-	371
(e) Deferred income	4,888	741	-	-	-	5,629
(f) Other deferred tax assets	1,615	(6)	-	-	-	1,609
(g) Depreciation on property, plant, equipment & intangibles	6,364	1,343	-	-	-	7,707
(h) Right to use asset	652	25	-	-	-	677
(i) Cash flow hedge	712	-	-	-	(1,042)	(330)
Deferred Tax Liabilities :-						
(a) Debenture issue expenses	(1,108)	214	-	-	-	(894)
(b) Investments measured at fair value	(501)	(108)	-	-	-	(609)
(c) Loans measured at FVTOCI	(60)	(33)	-	-	93	-
Net Deferred Tax Asset	56,693	9,946	-	-	(949)	65,688

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

Particulars	Opening Balance	Recognised / reversed through profit and loss	Change in Tax Rate	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
Deferred Tax Assets :-						
(a) Impairment loss allowance - Stage III	19,765	2,837	-	-	-	22,602
(b) Impairment loss allowance - Stage I & II	18,974	2,206	-	-	-	21,180
(d) Employee benefits	376	(27)	-	-	-	349
(e) Deferred income	6,193	(1,305)	-	-	-	4,888
(f) Other deferred tax assets	1,729	(114)	-	-	-	1,615
(g) Depreciation on property, plant, equipment & intangibles	4,656	1,708	-	-	-	6,364
(h) Right to use asset	542	110	-	-	-	652
(i) Cash flow hedge	197	-	-	-	515	712
Deferred Tax Liabilities :-						
(a) Debenture issue expenses	(1,562)	454	-	-	-	(1,108)
(b) Investments measured at fair value	(62)	(439)	-	-	-	(501)
(c) Loans measured at FVTOCI	(19)	-	-	-	(41)	(60)
Net Deferred Tax Asset	50,789	5,431	-	-	474	56,693

Gross deferred tax assets and liabilities are as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred Tax Assets :-		
(a) Impairment loss allowance - Stage III	22,805	22,602
(b) Impairment loss allowance - Stage I & II	28,723	21,180
(d) Employee benefits	371	349
(e) Deferred income	5,629	4,888
(f) Other deferred tax assets	1,609	1,615
(g) Depreciation on property, plant & equipment	7,707	6,364
(h) Right to use asset	677	652
(i) OCI - cash flow hedge	(330)	712
Deferred Tax Liabilities :-		
(a) Debenture issue expenses	(894)	(1,108)
(c) Fair value of investments	(609)	(501)
(d) Loans measured at FVTOCI	-	(60)
Net Deferred Tax Asset	65,688	56,693

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

13. TRADE PAYABLES

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

PARTICULARS	As at March 31, 2022	As at March 31, 2021
(i) Accrued expenses	36,501	32,219
(ii) Payable to related parties	-	-
(iii) Payable to dealers/vendors/customer	47,240	31,409
(iv) Others	670	419
Total	84,411	64,047

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 March 31, 2022	As at March 31, 2021
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year *	63	81
(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;	5	-
(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	-	-
Total	68	81

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

13. TRADE PAYABLES (Continued)

PARTICULARS	As at March 31, 2022						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	68	-	-	-	68
(ii) Others	36,597	35,217	10,982	880	148	587	84,411
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total							84,479

Note : Ageing of the trade payables is determined from the date of transaction.

PARTICULARS	As at March 31, 2021						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	81	-	-	-	81
(ii) Others	32,387	22,271	8,859	3	102	427	64,047
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total							64,128

Note : Ageing of the trade payables is determined from the date of transaction.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

14. DEBT SECURITIES

PARTICULARS	As at March 31, 2022	As at March 31, 2021
DEBT SECURITIES In India		
At amortised cost		
Secured		
Privately Placed Non-Convertible Debentures (Refer note 14.1 below) [Net of unamortised discount of Rs. 3,731 lakh (March 31, 2021 : 5 lakh) and premium of Rs. 772 lakh (March 31, 2021 : Rs. 1,637 lakh)]	14,10,983	11,22,071
Public issue of Non-Convertible Debentures (Refer notes 14.2 below)	3,66,419	5,18,915
Unsecured		
(i) Privately Placed Non-Convertible Debentures	77,347	55,484
(ii) Commercial paper (Refer note 14.3 below) [Net of unamortised discount of Rs. 10,868 lakh (March 31, 2021 : Rs. 5,913 lakh) and ancilliary borrowing cost of Rs. 10 lakh (March 31, 2021 : 4 lakh)]	4,35,922	3,08,583
DEBT SECURITIES Outside India	-	-
Total	<u>22,90,671</u>	<u>20,05,053</u>

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 4.25 % to 5.20% (March 31, 2021 : 3.55 % to 5.90%) and are repayable at maturity ranging between 7 days and 365 days from the date of respective commercial paper.
- 14.4. Of the above Public issue of Non-Convertible Debentures amounting to face value of Rs 670 lakh (March 31, 2021 : Rs 670 lakh) are held by related parties.
- 14.5. Of the above Privately placed issue of Secured Non-Convertible Debentures amounting to face value of Rs. 500 lakh (March 31, 2021 : Rs. Nil) and Unsecured Non-Convertible Debentures amounting to face value of Rs. 49,000 lakh (March 31, 2021 : Rs. 29,400 lakh) are held by related parties.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

14.6. Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2022

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2022*		As at March 31, 2021*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL Market Linked 'A' 2018-19 Tranche-II	27-Feb-19	14-Apr-21	-	-	1,175	11,750
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 1	12-Mar-19	14-Apr-21	-	-	385	3,850
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 2	29-Mar-19	14-Apr-21	-	-	260	2,600
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 3	26-Apr-19	14-Apr-21	-	-	60	600
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 4	07-Jun-19	14-Apr-21	-	-	425	4,250
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 5	28-Jun-19	14-Apr-21	-	-	100	1,000
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 6	13-Sep-19	14-Apr-21	-	-	465	4,650
TCFSL NCD 'G' FY 2016-17	30-May-16	28-May-21	-	-	500	5,000
TCFSL NCD "E" FY 2019-20 Option - II	04-Jun-19	04-Jun-21	-	-	1,080	10,800
TCFSL Market Link NCD "A" FY 2019-20	02-Aug-19	02-Aug-21	-	-	344	3,440
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 NCD 'G' FY 2019-20	27-Sep-19	13-Sep-21	-	-	500	5,000
TCFSL NCD 'E' FY 2018-19	26-Oct-18	26-Oct-21	-	-	3,262	32,620
TCFSL NCD "AG" FY 2016-17	28-Dec-16	28-Dec-21	-	-	2,720	27,200
TCFSL NCD 'E' FY 2020-21	25-Jun-20	28-Dec-21	-	-	1,850	18,500
TCFSL NCD "K" FY 2017-18	16-Aug-17	14-Jan-22	-	-	750	7,500
TCFSL NCD "M" FY 2018-19	21-Feb-19	21-Feb-22	-	-	500	5,000
TCFSL NCD "I" FY 2017-18	20-Jul-17	28-Feb-22	-	-	750	7,500
TCFSL NCD "N" FY 2018-19 - Option II	27-Mar-19	25-Mar-22	-	-	2,825	28,250
TCFSL NCD "AL" FY 2016-17	31-Mar-17	31-Mar-22	-	-	400	4,000
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 Premi	23-Jan-19	08-Apr-22	485	4,850	485	4,850
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	330	3,300
TCFSL NCD "A" FY 2019-20	25-Apr-19	25-Apr-22	500	5,000	500	5,000
TCFSL NCD 'J' FY 2019-20	30-Jan-20	29-Apr-22	2,000	20,000	2,000	20,000
TCFSL NCD "I" 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 '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	2,000	24,174
TCFSL NCD 'AH' FY 2012-13	05-Sep-12	05-Sep-22	500	5,000	500	5,000
TCFSL NCD 'D' FY 2020-21	17-Jun-20	23-Sep-22	1,500	15,000	1,500	15,000
TCFSL NCD 'D' FY 2020-21 Premium Reissuance 1	27-Aug-20	23-Sep-22	4,000	40,000	4,000	40,000
TCFSL NCD 'H' FY 2020-21	01-Dec-20	01-Dec-22	4,000	40,000	4,000	40,000
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 "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 NCD 'F' FY 2021-22	06-Sep-21	28-Feb-23	7,000	70,000	-	-
TCFSL NCD 'J' FY 2020-21	17-Mar-21	17-Mar-23	3,000	30,000	3,000	30,000
TCFSL NCD 'J' FY 2020-21 Premium Reissuance 1	24-Aug-21	17-Mar-23	3,000	30,000	-	-
TCFSL NCD 'A' FY 2021-22	15-Apr-21	14-Apr-23	3,600	36,000	-	-
TCFSL NCD "B" FY 2020-21 - Option I	29-Apr-20	28-Apr-23	750	7,500	750	7,500
TCFSL NCD 'A' FY 2020-21	21-Apr-20	19-May-23	9,250	92,500	9,250	92,500
TCFSL NCD 'F' FY 2020-21	14-Jul-20	14-Jul-23	500	5,000	500	5,000
TCFSL NCD 'F' FY 2020-21 Discount Reissuance 1	20-Jul-20	14-Jul-23	3,500	35,000	3,500	35,000
TCFSL NCD 'C' FY 2021-22	15-Jul-21	14-Jul-23	2,100	21,000	-	-
TCFSL NCD 'C' FY 2021-22 Reissuance 1 on ZCB Discounting	02-Aug-21	14-Jul-23	2,000	20,000	-	-
TCFSL NCD 'G' FY 2020-21	28-Jul-20	28-Jul-23	1,250	12,500	1,250	12,500

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

14.7. Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2022 (Continued)

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2022*		As at March 31, 2021*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL NCD 'T' FY 2020-21	31-Dec-20	30-Nov-23	10,000	1,00,000	10,000	1,00,000
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 'G' FY 2021-22	06-Sep-21	29-Dec-23	1,000	10,000	-	-
TCFSL NCD 'K' FY 2020-21	30-Mar-21	29-Mar-24	4,250	42,500	4,250	42,500
TCFSL NCD 'B' FY 2021-22	10-May-21	10-May-24	5,000	50,000	-	-
TCFSL NCD 'D' FY 2019-20	27-May-19	27-May-24	2,180	21,800	2,180	21,800
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 2021-22	02-Aug-21	02-Aug-24	2,000	20,000	-	-
TCFSL NCD 'E' FY 2021-22	06-Aug-21	04-Oct-24	7,000	70,000	-	-
TCFSL NCD 'E' FY 2021-22 Premium Reissuance 1 at PAR	24-Aug-21	04-Oct-24	4,000	40,000	-	-
TCFSL NCD AA FY 2014-15	20-Nov-14	20-Nov-24	950	9,500	950	9,500
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 '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 - 1 Reissuance 1	26-Feb-20	15-Jan-25	350	3,500	350	3,500
TCFSL NCD 'B' FY 2020-21 - Option II	29-Apr-20	29-Apr-25	400	4,000	400	4,000
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 '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 2019-20	06-Nov-19	06-Nov-29	1,000	10,000	1,000	10,000
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 2021-22	29-Sep-21	29-Sep-31	950	9,500	-	-
TCFSL NCD 'H' FY 2021-22 Discount Reissuance 1	03-Dec-21	29-Sep-31	2,190	21,900	-	-
TCFSL NCD 'H' FY 2021-22 Discount Reissuance 2	16-Dec-21	29-Sep-31	500	5,000	-	-
TCFSL NCD 'H' FY 2021-22 Discount Reissuance 3	29-Dec-21	29-Sep-31	850	8,500	-	-
TCFSL NCD 'T' FY 2021-22	20-Jan-22	20-Jan-32	12,500	1,25,000	-	-
Total (A)				13,57,134		10,63,899
Add : Interest accrued on borrowing				57,096		56,950
Add : Unamortised premium				772		1,637
Total (B)				57,868		58,587
Less : Unamortised borrowing cost				(288)		(410)
Less : Unamortised discount				(3,731)		(5)
Total (C)				(4,019)		(415)
TOTAL (A+B+C)				14,10,983		11,22,071

*Coupon rate of "NCDs" outstanding as on March 31, 2022 varies from 4.82% to 9.85% (March 31, 2021 : 5.00% to 9.85%)

Note: Information about the Company's exposure to interest rate risk, and liquidity risk is included in note 35B and 35C

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

14.8. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2022

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	-	-
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	-	-
SERIES I TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-22	9,66,134	9,661
SERIES I TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-22	75,22,582	75,226
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 II TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-24	9,77,140	9,772
SERIES II TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-24	34,09,175	34,092
SERIES III TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-27	9,24,814	9,248
SERIES III TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-27	60,03,935	60,039
				3,51,433
Add: Interest accrued on borrowing				17,026
Less: Unamortised borrowing cost				(2,040)
Total				3,66,419

Note : Coupon rate of above outstanding as on March 31, 2022 varies from 8.35% to 8.90%

14.9. 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
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
SERIES I TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-22	9,66,134	9,661
SERIES I TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-22	75,22,582	75,226
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 II TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-24	9,77,140	9,771
SERIES II TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-24	34,09,175	34,092
SERIES III TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-27	9,24,814	9,248
SERIES III TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-27	60,03,935	60,039
				4,98,238
Add: Interest accrued on borrowing				23,607
Less: Unamortised borrowing cost				(2,930)
Total				5,18,915

Note : Coupon rate of above outstanding as on March 31, 2021 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, 2022

(Rs. in lakh)

14.10. Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2022

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
TCFSL Unsecured NCD Partly paid "A" FY 2018-19	19-Mar-19	17-Mar-34	5,900	47,200
TCFSL Unsecured NCD Partly paid "A" FY 2019-20	23-Mar-20	23-Mar-35	5,000	30,000
TOTAL				77,200
Add: Interest accrued on borrowing				202
Less: Unamortised borrowing cost				(55)
Total				77,347

Note : Coupon rate of above outstanding as on March 31, 2022 varies from 7.85% to 8.93%

14.11. 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 2018-19	19-Mar-19	17-Mar-34	5,900	35,400
TCFSL Unsecured NCD Partly paid "A" FY 2019-20	23-Mar-20	23-Mar-35	5,000	20,000
TOTAL				55,400
Add: Interest accrued on borrowing				151
Less: Unamortised borrowing cost				(67)
Total				55,484

Note : Coupon rate of above outstanding as on March 31, 2021 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, 2022

(Rs. in lakh)

15. BORROWINGS (OTHER THAN DEBT SECURITIES)

PARTICULARS	As at March 31, 2022	As at March 31, 2021
At amortised cost		
(a) Term loans		
Secured - In India		
From Banks (Refer note 15.1 below)	13,76,440	7,68,886
From Others (Refer note 15.1 below)	1,40,470	32,645
Secured - Outside India		
From Banks	2,91,413	2,10,536
Unsecured - In India		
From Banks	-	-
(b) Loans repayable on demand		
Secured		
From Banks		
(i) Working capital demand loan (Refer note 15.2 below)	2,59,223	3,15,754
(ii) Bank Overdraft (Refer note 15.2 below)	2	19
Unsecured		
From Banks		
(i) Working capital demand loan (Refer note 15.2 below)	40,000	20,000
(c) Loan from related parties (unsecured)		
- Inter corporate deposits from related parties (Refer notes 15.2 below) (payable on demand)	77,958	1,15,502
Total	21,85,506	14,63,342

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. 16,66,885 lakh (March 31, 2021 : Rs. 9,78,576 lakh) are repayable at maturity ranging between 6 and 63 months from the date of respective loan. Rate of interest payable on term loans varies between 4.85 % to 7.70% (March 31, 2021 : 5.25 % to 7.75%).

As per terms of agreements loan from Others aggregating Rs. 1,40,000 lakh (March 31, 2021 : Rs. 32,500 lakh) are repayable at maturity ranging between 36 and 63 months from the date of respective loan. Rate of interest payable on term loans varies between 5.50 % to 6.25%. (March 31, 2021 : 6.20 % to 7.50%).

Rate of interest payable on WCDL varies between 4.10 % to 7.10% (March 31, 2021 : 4.20 % to 7.85%) and Bank Overdraft varies between 7.45% to 8.20% (March 31, 2021 : 7.45% to 8.55%).

Rate of interest payable on Inter-corporate deposits varies between 7.08 % to 7.62% (March 31, 2021 : 8.42 % to 8.42%).

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, 2022 and March 31, 2021.

15.4. The quarterly returns/statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

16. SUBORDINATED LIABILITIES

PARTICULARS	As at	
	March 31, 2022	March 31, 2021
At amortised cost		
Unsecured		
Debentures		
Non-Convertible Subordinated Debentures [Net of unamortised discount of Rs. 123 lakh (March 31, 2021 : Rs. 137 lakh) and premium of Rs. 117 lakh (March 31, 2021 : Rs. 132 lakh)]	3,10,433	2,43,474
Non-Convertible Perpetual Debentures	1,21,627	1,12,058
Total	4,32,060	3,55,532

Note:

1. Of the above Non-convertible perpetual debentures and Non-convertible subordinated amounting to face value of Rs. 28,680 lakh (March 31, 2021 : 17,135 lakh) are subscribed by related parties.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

16.1. Particulars of Subordinated unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2022

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2022*		As at March 31, 2021*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL Tier II Bond 'A' FY 2014-15	26-Sep-14	25-Sep-24	1,000	10,000	1,000	10,000
TCFSL Tier II Bond 'B' FY 2014-15	07-Jan-15	07-Jan-25	350	3,500	350	3,500
TCFSL Tier II Bond 'C' FY 2014-15	30-Jan-15	30-Jan-25	750	7,500	750	7,500
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 'A' FY 2015-16	22-Jul-15	22-Jul-25	900	9,000	900	9,000
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 2016-17	11-Aug-16	11-Aug-26	2,000	20,000	2,000	20,000
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 2018-19	28-Dec-18	28-Dec-28	2,000	20,000	2,000	20,000
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 "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
TCFSL Tier-II Bond "A" FY 2020-21	17-Sep-20	17-Sep-30	750	7,500	750	7,500
TCFSL Tier-II Bond "A" FY 2020-21 Premium Reissuance 1	13-Oct-20	17-Sep-30	1,250	12,500	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	1,000	10,000
TCFSL Tier-II Bond "A" FY 2021-22	28-Jun-21	27-Jun-31	1,500	15,000	-	-
TCFSL Tier-II Bond "B" FY 2021-22	24-Nov-21	24-Nov-31	500	50,000	-	-
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
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
Total (A)				2,99,825		2,34,825
Add: Interest accrued on borrowing				11,392		9,251
Add : Unamortised premium				117		132
Total (B)				11,509		9,383
Less: Unamortised borrowing cost				(777)		(597)
Less : Unamortised discount				(123)		(137)
Total (C)				(900)		(734)
TOTAL (A+B+C)				3,10,433		2,43,474

*Note : Coupon rate of above outstanding as on March 31, 2022 varies from 7.30% to 10.15% (March 31, 2021: 7.60% to 10.15%)

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

16.2. Particulars of Perpetual unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2022

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2022*		As at March 31, 2021*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCL Perpetual 'A' FY 2011-12	05-May-11	05-May-21	-	-	20	100
TCL Perpetual 'B' FY 2011-12	08-Aug-11	27-Aug-21	-	-	61	305
TCL Perpetual 'C' FY 2011-12	28-Sep-11	28-Sep-21	-	-	10	50
TCL Perpetual 'D' FY 2011-12	07-Nov-11	07-Nov-21	-	-	5	25
TCFSL Perpetual 'A' FY 2013-14	27-Mar-14	27-Mar-24	1,871	9,355	1,871	9,355
TCFSL Perpetual 'A' FY 2015-16	16-Jul-15	16-Jul-25	1,000	10,000	1,000	10,000
TCFSL Perpetual 'B' FY 2015-16	06-Jan-16	06-Jan-26	500	5,000	500	5,000
TCFSL Perpetual 'C' FY 2015-16	02-Feb-16	02-Feb-26	500	5,000	500	5,000
TCFSL Perpetual 'D' FY 2015-16	09-Feb-16	09-Feb-26	1,000	10,000	1,000	10,000
TCFSL Perpetual 'E' FY 2015-16	23-Mar-16	23-Mar-26	1,000	10,000	1,000	10,000
TCFSL Perpetual 'A' FY 2016-17	30-Jun-16	30-Jun-26	500	5,000	500	5,000
TCFSL Perpetual 'B' FY 2016-17	13-Jan-17	13-Jan-27	100	1,000	100	1,000
TCFSL Perpetual 'C' FY 2016-17	08-Mar-17	08-Mar-27	400	4,000	400	4,000
TCFSL Perpetual 'A' FY 2017-18	21-Jun-17	21-Jun-27	500	5,000	500	5,000
TCFSL Perpetual 'B' FY 2017-18	14-Jul-17	14-Jul-27	500	5,000	500	5,000
TCFSL Perpetual 'C' FY 2017-18	11-Sep-17	11-Sep-27	930	9,300	930	9,300
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 'A' FY 2020-21	30-Sep-20	30-Sep-30	1,000	10,000	1,000	10,000
TCFSL Perpetual 'B' FY 2020-21	19-Oct-20	19-Oct-30	750	7,500	750	7,500
TCFSL Perpetual 'A' FY 2021-22	28-Feb-22	28-Feb-32	100	10,000	-	-
Total (A)				1,18,655		1,09,135
Add: Interest accrued on borrowing				3,363		3,322
Less: Unamortised borrowing cost				(391)		(399)
				1,21,627		1,12,058

*Note : Coupon rate of above outstanding as on March 31, 2022 varies from 7.89% to 10.95% (March 31, 2021: 8.10% to 11.25%)

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
Funds Raised through Perpetual Debt Instruments	10,000	17,500
Amount outstanding at the end of year	1,18,655	1,09,135
Percentage of amount of Perpetual Debt Instruments of the amount of Tier I Capital	17.05%	15.87%
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, 2022

(Rs. in lakh)

17. OTHER FINANCIAL LIABILITIES

PARTICULARS	As at	
	March 31, 2022	March 31, 2021
(a) Security deposit	47,864	41,294
(b) Payable for capital expenditure	5,039	2,173
(c) Advances from customers	4,331	2,463
(d) Accrued employee benefit expense	9,202	6,872
(e) Unclaimed matured debentures, unclaimed application money and accrued interest thereon	131	69
(f) Payable under letter of credit/buyer's credit facility	12,680	37,255
(g) Amounts payable - assigned loans	362	731
(h) Book Overdraft	21,201	30,190
Total	1,00,810	1,21,047

18. CURRENT TAX LIABILITIES (NET)

PARTICULARS	As at	
	March 31, 2022	March 31, 2021
Provision for tax (net of advance tax Rs. 94,217 Lakh (March 31, 2021 : Rs. 87,471 Lakh)	26,719	20,316
Total	26,719	20,316

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

19. PROVISIONS

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
(a) Provision for gratuity	97	-
(b) Provision for compensated absences	1,472	1,386
(c) Provision for long-term service award	122	109
(d) Provision for off Balance Sheet exposure	1,674	1,048
Total	3,365	2,543

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

20. OTHER NON-FINANCIAL LIABILITIES

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
(a) Statutory dues	6,225	5,199
(b) Revenue received in advance	555	980
(c) Margin money received under Letter of credit/Buyer's credit	1,499	2,790
(d) Others	723	779
Total	9,002	9,748

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

21. SHARE CAPITAL

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
AUTHORISED		
2,500,000,000 (March 31, 2021 : 2,500,000,000 shares) Equity shares of Rs.10 each	2,50,000	2,50,000
3,000,000,000 (March 31, 2021 : 3,000,000,000 shares) Preference shares of Rs.10 each	3,00,000	3,00,000
	5,50,000	5,50,000
ISSUED, SUBSCRIBED & PAID UP		
1,65,98,72,100 (March 31, 2021: 1,629,931,981 shares) Equity shares of Rs.10 each fully paid up	1,65,987	1,62,993
Total	1,65,987	1,62,993

21. (a). Details of shareholders holding more than 5 percent shares in the Company are given below:

PARTICULARS	As at March 31, 2022			As at March 31, 2021		
	No. of shares	Rs. in lakh	% holding	No. of shares	Rs. in lakh	% holding
Tata Capital Limited (Holding Company)	1,65,98,72,100	1,65,987	100%	1,62,99,31,981	1,62,993	100%

21. (b). Reconciliation of number of equity shares outstanding

Particulars	No. of shares	Rs. in lakh
Equity Shares		
Opening balance as on April 01, 2020	1,62,99,31,981	1,62,993
Additions during the year	-	-
Closing Balance as on March 31, 2021	1,62,99,31,981	1,62,993
Additions during the year	2,99,40,119	2,994
Closing Balance as on March 31, 2022	1,65,98,72,100	1,65,987

21. (c). 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. (d). 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, 2020	1,62,99,31,981	1,62,993
	Add: Additions during the year	-	-
	Closing Balance as on March 31, 2021	1,62,99,31,981	1,62,993
	Add: Additions during the year	2,99,40,119	2,994
	Closing Balance as on March 31, 2022	1,65,98,72,100	1,65,987

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

21. (f). 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, 2022

(Rs. in lakh)

22. OTHER EQUITY

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
(a) Securities Premium Account	3,61,903	3,34,897
(b) Debenture Redemption Reserve	30,000	30,000
(c) Special Reserve Account	80,957	64,613
(d) Retained earnings	1,34,874	81,506
(e) Other Comprehensive Income		
(i) Fair value gain on Financial Assets carried at FVTOCI	-	145
(ii) The effective portion of gains and loss on hedging instruments in a cost of hedge	982	(2,118)
(iii) Remeasurement of defined employee benefit plans	(517)	(287)
(iv) Share in other comprehensive income of Associates	20	18
(f) Share options outstanding account	701	470
(g) General Reserve	1,310	1,184
Total	6,10,230	5,10,428

The Board of Directors, vide a resolution passed by circulation on September 17, 2021 and at the Meeting of the Board held on March 17, 2022, have declared and approved an interim equity dividend of Rs. 0.25 and Rs. 0.49 per equity share, respectively, and the dividend has been paid to the shareholders in the same period.

As prescribed by Section 45-IC of the Reserve Bank of India Act, 1934, the Company has transferred Rs. 16,344 lakh (March 31, 2021 : Rs. 13,540 lakh) to Special Reserve.

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 Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

23. INTEREST INCOME

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
On Financial Assets measured at Amortised Cost		
(a) Interest on loans and credit substitutes	5,57,178	5,22,593
(b) Interest income from investments	7,853	1,139
(C) Interest income on deposits with banks	428	1,401
On Financial Assets measured at fair value through OCI		
(a) Interest on loans and credit substitutes	-	256
On Financial Assets measured at fair value through profit and loss		
(a) Interest on loans and credit substitutes	237	110
Total	5,65,696	5,25,499

24. DIVIDEND INCOME

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
Dividend income	73	1
Total	73	1

25. RENTAL INCOME

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
Rental Income	29,691	37,093
Branch co-sharing income	969	1,047
Total	30,660	38,140

26. FEES AND COMMISSION INCOME

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
On Financial Assets measured at Amortised Cost		
(a) Foreclosure charges	5,649	5,230
(b) Fees on value added services and products	855	640
(c) Advisory Fees	925	734
(d) Others (valuation charges, PDD charges etc)	5,853	2,803
Total	13,282	9,407

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

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

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
(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	7,909	13,718
- On other financial securities	3,002	4,906
- On derivative contracts	-	-
(iii) Total Net gain/(loss) on fair value changes	<u>10,911</u>	<u>18,624</u>
(B) Fair value changes :		
-Realised	9,249	11,030
-Unrealised	1,662	7,594
Total Net gain/(loss) on fair value changes	<u>10,911</u>	<u>18,624</u>

28. OTHER INCOME

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Branch advertisement income	75	40
(b) Income from distribution of financial products	6,987	4,712
(c) Net (loss) / gain on derecognition of property, plant and equipment	914	(46)
(d) Interest on tax refund	5	2,410
(e) Miscellaneous income	117	136
Total	<u>8,098</u>	<u>7,252</u>

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

29. FINANCE COSTS

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
At amortised cost		
(a) Interest on borrowings	98,074	1,12,242
(b) Interest on debt securities	1,28,524	1,26,362
(c) Interest on subordinated liabilities	33,335	28,886
(d) Interest on lease liabilities	692	806
(e) Other interest expense	357	484
(f) Discounting Charges		
(i) On commercial paper	20,749	21,105
(ii) On debentures	1,569	-
Total	2,83,300	2,89,885

30. EMPLOYEE BENEFIT EXPENSES

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Salaries, wages and bonus	51,515	40,980
(b) Contribution to provident and other fund	1,805	1,646
(c) Staff welfare expenses	729	218
(d) Expenses related to post-employment defined benefit plans	600	664
(e) Share based payments to employees	415	303
Total	55,064	43,811

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

31. Impairment of financial instruments

PARTICULARS	For the year ended March 31, 2022		For the year ended March 31, 2021	
(I) Loans and credit substitutes				
(a) Impairment loss allowance on loans (Stage III) - at amortised cost	4,316		11,363	
Less : Delinquency Support	<u>(81)</u>	4,235	<u>(301)</u>	11,062
(b) Write off - Loans and credit substitutes - at amortised cost		54,665		81,455
(c) Impairment loss allowance on loans (Stage I & II)				
- at amortised cost	30,089		8,766	
- at FVTOCI	<u>(18)</u>	30,071	<u>(1)</u>	8,765
		88,971		1,01,282
(II) Trade receivables - at amortised cost		(21)		12
Total (I+II)		<u><u>88,950</u></u>		<u><u>1,01,294</u></u>

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

32. OTHER OPERATING EXPENSES

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Advertisements and publicity	4,555	3,235
(b) Brand Equity and Business Promotion	1,567	1,666
(c) Corporate social responsibility cost	1,276	1,001
(d) Equipment hire charges	-	84
(e) Information technology expenses	14,037	11,050
(f) Insurance charges	1,491	1,312
(g) Incentive / commission/ brokerage	402	352
(h) Legal and professional fees	4,554	3,325
(i) Loan processing fees	2,382	1,087
(j) Printing and stationery	392	217
(k) Reversal of provision against assets held for sale	(1)	(466)
(l) Power and fuel	818	624
(m) Repairs and maintenance	169	287
(n) Rent	535	248
(o) Rates and taxes	194	89
(p) Service providers' charges	30,305	23,037
(q) Training and recruitment	663	263
(r) Communication cost	435	355
(s) Travelling and conveyance	2,478	1,377
(t) Directors fees, allowances and expenses	212	223
(u) Other expenses [Refer note 32(a) below]	939	623
Total	67,403	49,989

(a) Auditors' Remuneration (excluding taxes):

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
Audit Fees	175	100
Tax Audit Fees	5	4
Other Services (includes out of pocket expenses) *	13	30
	193	134

(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, 2022	For the year ended March 31, 2021
Legal and professional fees	96	66
Information Technology Expenses	1,108	872
Other expenses	22	25
	1,226	963

(c) Corporate social responsibility expenses

(i) Gross amount required to be spent by the company during the year was Rs. 1,276 lakh. (March 31, 2021 : Rs. 1,001 lakh)

(ii) Amount spent during the year on:

PARTICULARS	Paid	Yet to be paid
Construction/acquisition of any asset	291	-
On purposes other than above	985	-

We endeavour to improve the lives of the community, especially the socially and economically underprivileged communities, by making a long term, measurable and positive impact through projects in the areas of education, climate action, health and skill development.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(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 ₹ 92 Lakhs (Year ended 31 March 2021 ₹ 80 Lakhs) 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 contribution plan for qualifying employees. Under the Schemes, both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, 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, 2022.

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 ₹ 1,713 Lakhs (Year ended 31 March 2021 ₹ 1,566 Lakhs) for Provident Fund contributions and ₹ Nil (Year ended 31 March 2021 ₹ 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:

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

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.

Movement in net defined benefit (asset) liability

a) Reconciliation of balances of Defined Benefit Obligations.

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Defined Obligations at the beginning of the year	4,796	-	4,488	-
Current service cost	655	-	635	-
Interest cost	297	-	274	-
Amalgamations / Acquisitions	15	-	(65)	-
Actuarial (Gains) Losses on obligations arising from:				
a. Due to change in financial assumptions	42	-	(35)	-
b. Due to change in experience adjustments	423	-	(233)	-
Others (please specify below)				
Benefits paid directly by the Company	318	-	(268)	-
Defined Obligations at the end of the year	5,826	-	4,796	-

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

33. Employee benefit expenses

b) Reconciliation of balances of Fair Value of Plan Assets

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Fair Value at the beginning of the year	5,232	-	4,160	-
Expected return on plan assets	73	-	536	-
Employer contributions	73	-	329	-
Amalgamations / Acquisitions	15	-	(65)	-
Others (please specify below)	-	-	-	-
Interest Income on Plan Assets	337	-	272	-
Fair Value of Plan Assets at the end of the year	5,730	-	5,232	-

c) Funded status

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Deficit of plan assets over obligations	-	-	-	-
Surplus of plan assets over obligations	(97)	-	436	-
Unrecognised asset due to asset ceiling	-	-	-	-
Total	(97)	-	436	-

d) Categories of plan assets

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Corporate bonds	1,082	-	1,041	-
Equity shares	414	-	325	-
Government securities	1,281	-	1,256	-
Insurer managed funds-ULIP Product	2,702	-	2,484	-
Cash	251	-	125	-
Total	5,730	-	5,232	-

e) Amount recognised in Balance sheet

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Present value of the defined benefit obligation	5,826	-	4,796	-
Fair value of plan assets	5,730	-	5,232	-
Net asset / (liability) recognised in the Balance Sheet	(97)	-	436	-

f) Amount recognised in Statement of Profit and Loss

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Current Service Cost	655	-	635	-
Interest Cost (net)	(40)	-	2	-
Expenses for the year	615	-	637	-

g) Amount recognised in OCI

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
a. Due to change in financial assumptions	(42)	-	(35)	-
b. Due to change in experience adjustments	423	-	(233)	-
d. (Return) on plan assets (excl. interest income)	(73)	-	(536)	-
Total remeasurements in OCI	308	-	(804)	-
Total defined benefit cost recognized in P&L and OCI	923	-	(167)	-

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

33. Employee benefit expenses

h) Expected cash flows for the following year

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Expected total benefit payments	8,600	6,975
Year 1	567	472
Year 2	665	483
Year 3	722	597
Year 4	735	656
Year 5	885	672
Next 5 years	5,026	4,095

i) Major Actuarial Assumptions

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount Rate (%)	6.50%	6.40%
Salary Escalation/ Inflation (%)	Non CRE: 8.25%, CRE & J Grade: 6%	Non CRE: 8.25%, CRE & J Grade: 6%
Expected Return on Plan assets (%)	6.50%	6.40%
Mortality Table	Indian assured lives Mortality (2006-08) Ult.	Indian assured lives Mortality (2006-08) Ult.
Medical cost inflation		
Withdrawal (rate of employee turnover)	CRE and J Grade : 40%; Non CRE :Less than 5years 25% and more than 5 years 10%	CRE and J Grade : 40%; Non CRE :Less than 5years 25% and more than 5 years 10%
Retirement Age	60 years	60 years
Estimate of amount of contribution in the immediate next year (Rs. in lakh)	567	472

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

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.

Particulars	March 31, 2022		March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(390)	441	(330)	375
Future salary growth (1% movement)	430	(388)	365	(329)
Others (Withdrawal rate 5% movement)	(343)	502	(305)	455

j) Provision for compensated absences

Particulars	March 31, 2022		March 31, 2021	
	Non current	Current	Non current	Current
Liability for compensated absences	1,137	310	1,078	267

Experience adjustments	Defined benefit obligation	Plan assets	Surplus/ (deficit)	Experience adjustments on plan liabilities	Experience adjustments on plan assets
Funded					
2021-22	5,826	5,730	(97)	(423)	73
2020-21	4,796	5,232	436	233	536
Unfunded					
2021-22	-	-	-	-	-
2020-21	-	-	-	-	-

Note :

The actuarial valuation as at 31 March 2022 has been carried out on the basis of the membership data provided as at 28 February 2022.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

34. Fair values of financial instruments

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

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

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 Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(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, 2022 is as follows:

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
Financial Assets:				
Cash and cash equivalents	-	-	1,11,722	1,11,722
Bank balances other than (a) above	-	-	178	178
Derivative financial instruments	-	987	-	987
Trade receivables	-	-	926	926
Loans including credit substitutes	2,519	-	53,78,460	53,80,979
Investments (Other than in Associate)	73,322	-	1,92,234	2,65,556
Other financial assets	-	-	30,209	30,209
Total	75,841	987	57,13,729	57,90,557
Financial Liabilities:				
Trade and other payables	-	-	84,479	84,479
Borrowings *	-	-	49,08,237	49,08,237
Lease liabilities	-	-	8,511	8,511
Other financial liabilities	-	-	1,00,810	1,00,810
Derivative financial liabilities	-	28,987	-	28,987
Total	-	28,987	51,02,037	51,31,024

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

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

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
Financial Assets:				
Cash and cash equivalents	-	-	1,00,316	1,00,316
Other balances with banks	-	-	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	-	-	62,333	62,333
Derivative financial assets	-	-	-	-
Total	17,361	4,649	45,53,302	45,75,312
Financial Liabilities:				
Trade and other payables	-	-	64,128	64,128
Borrowings *	-	-	38,23,927	38,23,927
Lease liabilities	-	-	8,092	8,092
Other financial liabilities	-	-	1,21,047	1,21,047
Derivative financial liabilities	-	18,222	-	18,222
Total	-	18,222	40,17,194	40,35,416

* 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, 2022

(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, 2022	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund units	-	61,658	-	61,658
Equity Shares	7,195	-	4,461	11,656
Security Receipts	-	8	-	8
Loans including credit substitutes *	-	-	2,519	2,519
Derivative Financial Assets	-	987	-	987
Total	7,195	62,653	6,980	76,828
Financial Liabilities:				
Derivative Financial Liabilities	-	28,987	-	28,987
Total	-	28,987	-	28,987

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

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial Assets:				
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
Derivative Financial Assets	-	-	-	-
Total	10,980	1,692	9,338	22,010
Financial Liabilities:				
Derivative Financial Liabilities	-	18,222	-	18,222
Total	-	18,222	-	18,222

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

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets at amortised cost:				
Loans including credit substitutes	53,78,460	54,21,672	42,78,179	43,33,534
Investments	1,92,234	1,88,958	1,10,403	1,10,792
Total	55,70,694	56,10,630	43,88,582	44,44,326
Financial Liabilities at amortised cost:				
Borrowings (includes debt securities and subordinated liabilities)	49,08,237	48,94,129	38,23,927	37,86,144
Total	49,08,237	48,94,129	38,23,927	37,86,144

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 Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

34. Fair values of financial instruments (Continued)

C. Financial assets and liabilities (Continued)

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.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(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, 2022	As at March 31, 2021				
Equity Shares - unquoted	4,461	3,689	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	Earnings based on the latest financial statements	The estimated fair value would increase (decrease) if the annual earnings growth were higher (lower)
Compulsorily Convertible Debenture	2,519	1,000	Level 3	Valuation is based on the transaction price at inception (including interest accrued) due to illiquid nature of Investment and the immaterial option value.	Transaction price at inception	Higher/(lower) the transaction price higher/(lower) the fair value of loans
Loans - FVTOCI	-	4,649	Level 3	Discounted contractual cash flows.	Discounting rate : NA (previous year : 10%) and future cash flows.	Higher the discounting rate lower the fair value of loans
Financial instruments at FVTPL/FVTOCI (B)	6,980	9,338				

Certain 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 investee 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, 2022		As at March 31, 2021	
			Favourable	Unfavourable	Favourable	Unfavourable
Equity Shares	Forecasted earnings	1%	45	(45)	37	(37)
Compulsorily Convertible Debenture	Transaction price	1%	25	(25)	10	(10)
Loans	Discounting rate	1%	-	-	48	(47)
Total			70	(70)	95	(94)

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(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	
	As at April 1, 2021	4,649	1,000	3,689	9,338
	Total gains or losses:				
	in profit or loss	-	-	772	772
	in OCI	-	-	-	-
	Purchases	-	1,519	-	1,519
	Settlements	(4,649)	-	-	(4,649)
	Transfers into Level 3	-	-	-	-
	As at March 31, 2022	-	2,519	4,461	6,980

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	
	For the year ended March 31, 2022				
	Total gains and losses				
	Recognised in profit or loss:				
	Fair value changes :				
	-Realised	-	-	-	-
	-Unrealised	-	-	772	772
	Recognised in FVTOCI	-	-	-	-
	Total Net gain/(loss) on fair value changes	-	-	772	772
	Total	-	-	772	772

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

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	
	For the period ended March 31, 2021				
	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	88	-	333	421

Company Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

35: Risk management framework

A Introduction:

As a financial institution, Company 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 in cognizance with industry risk dynamics and emergence of new challenges and opportunities.

The purpose of risk management is the creation and protection of value. Company's risk management framework has been laid down with long term sustainability and value creation keeping in mind:

- Build profitable and sustainable business with conservative risk management approach.
- Have risk management as an integral part of the organization's business strategy.
- Undertake businesses that are well understood and within acceptable risk appetite.
- Manage the risks proactively across the organization.
- Adopt best risk management practices with resultant shareholder value creation and increased stakeholder confidence.
- Develop a strong risk culture across the organization.

The risk management practices of Company 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:

Company's Risk Management is an integral part of all organizational activities. The structured approach contributes to consistent and comparable results along with customization of external and internal objectives. Important pillars of the risk management approach are developing a strong risk management culture within Company and Company companies through alignment of risk by creating, preserving and realizing value.

A comprehensive Enterprise Risk Management ("ERM") Framework has been adopted across Company which uses defined Key Risk Indicators based on quantitative and qualitative factors. We have implemented two-dimensional quantitative data management tool - Heat Map which enables management to have a comprehensive view of 9 identified key risk areas based on their probability and impact.

The 9 categories of risks identified and monitored by the Company are Credit Risk, Market Risk, Process, People, Outsourcing, Technology, Business Continuity, Cyber Security and Reputation risk.

Nature of Risk	Framework	Governing Committees
Credit Risk	Enterprise Risk Management Various Credit Policies, Portfolio review and trigger monitoring	Risk Management Committee of the Board Investment Credit Committee of the Board Credit Committees
Market Risk	Enterprise Risk Management Asset Linked Market Policy	Risk Management Committee of the Board Asset Liability Management Committee of the Board
Process Risk	Operational Risk Policy	Operational Risk Management Committee
People Risk	Operational Risk Policy HR Policies	Risk Management Committee of the Board Operational Risk Management Committee
Outsourcing	Operational Risk Policy Outsourcing Policy	Risk Management Committee of the Board Operational Risk Management Committee
Technology	Operational Risk Policy Information Technology Policy	Risk Management Committee of the Board IT Strategy Committee of the Board
Business Continuity	Operational Risk Policy Business Continuity Management Policy	Operational Risk Management Committee
Cyber Security	Information & Cyber Security Policy	Risk Management Committee of the Board IT Strategy Management Committee of the Board
Reputational Risk	Enterprise Risk Management Framework Ethics Policy POSH Policy Tata Code of Conduct	Risk Management Committee of the Board

The Board is assisted by Risk Management Committee of the Board ("RMC") and is supported by various Board and Senior management committees as part of the Risk Governance framework to ensure that the Company has sound system of risk management and internal controls.

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) Market and Liquidity Risk (iii) Operational Risk (Process, People, Outsourcing, Technology, Business Continuity and Fraud) (iv) Strategic Risks (including emerging and external risks) (v) Reputation Risk (vi) Information Security & Cyber Security Risk

Investment Credit Committee of the Board (ICC): Provides 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 reviews the Liquidity Risk and Interest Rate Risk on a regular basis and suggests necessary actions based on its view and expectations on the liquidity and interest rate profile.

IT Strategy Committee: Reviews and approves IT strategy and policies. Monitors IT resources required to achieve strategic goals and ensure that maximum value is delivered to business.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the activities of the Company. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Risk Management Committee reviews risk management policies of the Company pertaining to credit, market, liquidity and operational risks. It oversees the monitoring of compliances with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Company Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

35: Risk management framework

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

a) Management Credit Committee (MCC): The members of committee are senior management of the Company as defined in the prevailing delegation of authority. It recommends proposal including review to ICC / Board for loan facilities falling beyond assigned Delegation of Power and Authority. The committee is governed as per the delegation of authority applicable to the Company.

b) Operational Risk Management Committee (ORMC): ORMC is the oversight committee for ensuring effective management of operational risks. The committee reviews and approves the following:

- Operational risk management policy and including amendments if any.
- Insurance management framework.
- Corrective actions on operational risk incidents, based on analysis of the Key Risk Indicators (KRIs), operational risk process reviews, etc.
- Operational risk profile based on the KRIs which are beyond the tolerance limit

c) Fraud Risk Management Committee (FRMC): An independent Fraud Risk Management Committee (FRMC) comprising of top management representatives has been constituted that reviews the matters related to fraud risk and approves/recommends actions against frauds.

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), Credit & Collection review, Retail Risk Review (RRR) for retail business.

C Company's Risk Management Approach for handling various type of risks

a) Credit risk;

The Credit Risk management framework is based on the philosophy of First and Second line of Defence with underwriting being responsibility of Credit department and controls around policies and processes are driven by Risk department. Each process and business verticals have Credit underwriting, Risk analytics, Policy and Operational Risk unit. Delegation of Authority is defined based on value at risk and deviation matrix as approved by the Board.

The Company has reviewed Credit policies from time to time based on macroeconomic scenarios, pandemic and government scheme/grants, we have robust early warning signals process to ensure resilience in the policy framework for adopting changing business scenario and to mitigate various business risks.

Company's approach to rigorous portfolio review driven by analytics helps us to take corrective action proactively and to have a resilient underwriting policy and processes for Retail, SME and Corporate portfolio.

Company has a strong fraud risk and vigilance framework to weed out fraudulent customers from system at the time of origination with support of analytical tools. Identified fraud cases in the portfolio are reviewed basis detailed root cause analysis and reported to regulator. Process improvements based on root cause analysis are implemented to control such foreseen losses in future.

Introduction of new products are based on market potential, Operational risk, Credit risk and Compliance risks. All new product launches are signed off by Risk department to mitigate key risks arising while developing strategy around launching of new product. All innovative process changes/digitization goes through rigour of risk review and highlighting risk associated with change of the process and mitigants around the same. All introduction of new products goes through a complete governance process and are approved by Board/respective committees.

Measures taken to recover from COVID pandemic:

The Company is taking following measures to recover from COVID 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 pandemic 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
- ix. Review of one-time restructured loans and CGTMSE government guarantee portfolio

b) Market risk;

Market risk is 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 and minimum volatility while optimising the balance between profitability and managing associated risks.

Under Liquidity Risk Management (LRM) framework for the Company, ALCO sets up limits for each significant type of risk/aggregated risk with liquidity being a primary factor in determining the level of limits. The monitoring of risk limits defined as per ALM policy is done by ALCO on regular basis. The Company has Asset Liability Management (ALM) support Company prescribed by RBI which meets on regular basis to ensure internal controls and reviews the liquidity risk management of the Company.

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 monitors interest rate risk through traditional gap and duration gap approaches on a monthly basis. The interest rate risk limits are approved by the ALCO.

Refer Note No 36 .C.i for summary on sensitivity to a change in interest rates as on 31st March 2022.

Company Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

35: Risk management framework

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. Counter party risk is reviewed periodically in terms of exposure to various counter parties.

The Company's hedging policy guides 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 by the Company are cash flow hedges.

Refer Note No 36.C.ii for gist of foreign currency risk exposure as on 31st March 2022.

Equity price risk

The Company investments in equity carry a risk of adverse price movement. To mitigate pricing risk emerging from investments in equity, the Company intermittently observes the performance of sectors and measures MTM gains/losses as per applicable accounting policy of the Company.

Liquidity risk;

Liquidity Risk is the risk that a Company will encounter difficulties in meeting its short-term financial obligations due to an asset- liability mismatch or interest rate fluctuations. The liquidity risk is being managed as per ALM policy which has following key elements:

- i) ALCO sets the strategy for managing liquidity risk commensurate with the business objectives;
- ii) ALCO has set various gap limits for tracking liquidity risk.
- iii) The ALM policy is being reviewed on annual basis, including the risk tolerance, process and control. ALCO monitors the liquidity and interest rate gaps on regular basis.
- iv) Company manages the liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position. The regulatory compliance to the liquidity risk related limits are being ensured.
- v) The Company is fully complied to the Liquidity Coverage Ratio (LCR) framework as mandated by RBI.

Company's liquidity risk management strategy are as follows:

a. Maintaining a diversified funding through market and bank borrowings resources such as debentures, commercial papers, subordinated debt, perpetual debt, Inter-corporate deposits (ICD's), overdraft and bank term loans. Unused bank lines as well as High Quality Liquid Assets (HQLA) maintained under LCR framework constitute the main liquidity back up to meet the contingency funding plan. Additionally, based on Market scenario, the Company also maintains a portfolio of highly liquid mutual fund units.

b. The Company complies with the ALM guidelines and submits various returns and disclosures in accordance with the regulatory guidelines.

c. The Company carries out liquidity stress testing based on the cash flows and results are reported to ALCO on periodic basis. The Company has contingency funding plan in place which monitors the early warning signals arising out of company specific and market wide liquidity stress scenarios.

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 schemes 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.

Refer Note No 36.B for the summary of Maturity analysis for Company's financial liabilities and financial assets as on 31st March 2022.

c) Operational Risk;

Operational Risk has been defined as "The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events "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 strategic and reputation risk Management of operational risk forms an integral part of Company'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 Company'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.

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

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

Company 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 Company Compliance team. Statutory compliances are handled by Company 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, 2022

(Rs. in lakh)

36. Risk management review

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

For information on the Risk management framework, see Note 35

- 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. Maturity analysis for financial liabilities and financial assets
 - ii. Financial assets position pledged/ not pledged
- 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 35.

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, 2022

(Rs. in lakh)

36. Risk management 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	Count	As at March 31, 2022				As at March 31, 2021				
		Stage 1	Stage 2	Stage 3	Total Count	Stage 1	Stage 2	Stage 3	Total	
Days past due										
Zero overdue	6,62,805	51,59,056	1,69,725	5,885	53,34,666	5,31,883	40,54,376	57,066	7,062	41,18,504
1-29 days	28,674	64,607	22,137	3,128	89,872	33,019	1,13,191	3,560	1,412	1,18,163
30-59 days	14,481	-	44,465	4,169	48,634	18,323	-	66,373	847	67,221
60-89 days	8,469	-	19,256	6,861	26,117	15,449	-	44,881	3,096	47,977
90 or more days	47,084	-	-	1,04,861	1,04,861	43,701	-	-	1,20,500	1,20,500
Total	7,61,513	52,23,663	2,55,583	1,24,904	56,04,150	6,42,375	41,67,567	1,71,880	1,32,917	44,72,364

Note: Gross carrying amount does not include loan commitments Rs. 3,36,370 lakh (March 31, 2021 : Rs. 2,24,443 lakh) which are categorised as Stage I asset under zero overdue.

Impairment allowance on Loans	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Days past due								
Zero overdue	37,694	43,377	3,981	85,052	27,849	14,649	2,765	45,263
1-29 days	3,800	7,404	1,920	13,124	7,068	1,609	596	9,274
30-59 days	-	11,850	2,507	14,357	-	17,115	529	17,644
60-89 days	-	10,101	3,663	13,764	-	15,865	1,888	17,753
90 or more days	-	-	86,322	86,322	-	-	88,299	88,299
Total	41,494	72,732	98,393	2,12,619	34,917	49,238	94,077	1,78,232

Notes:

- Includes impairment allowance on loan commitments Rs. 1,773 lakh (March 31, 2021 : Rs. 1,197 lakh)
- The above includes impairment allowance towards loan designated as FVTOCI amounting to Rs. Nil (March 31, 2021 : Rs. 18 lakh)
- Impairment loss allowance includes impairment loss allowance on loans under fair value through profit and loss Rs. 6 lakh (March 31, 2021 : Rs 4 lakh)

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management review (Continued)

A. Credit risk

3) PARTICULARS	As at	
	March 31, 2022	March 31, 2021
LOANS		
- Amortised Cost	56,01,631	44,66,715
- At Fair Value through Other Comprehensive Income	-	4,649
- At Fair Value through Other Profit and Loss	2,519	1,000
Total - Gross Loans	56,04,150	44,72,364
Less: Un-amortized loan sourcing cost and revenue received in advance	(12,325)	(11,518)
Total - Carrying Value of Loans	55,91,825	44,60,846
Less : Impairment Allowance	(2,10,846)	(1,77,018)
Total - Net Loans	53,80,979	42,83,828

4) Trade receivables

PARTICULARS	As at March 31, 2022			As at March 31, 2021		
	Gross	Impairment allowance	Net	Gross	Impairment allowance	Net
Category of Trade receivables						
Stage 1: Considered good	813	-	813	1,962	-	1,962
Stage 2: Significant increase in credit risk	132	19	113	45	45	-
Stage 3: Credit impaired	-	-	-	-	-	-
Net Carrying value of trade receivables	945	19	926	2,007	45	1,962

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management 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, 2022			As at March 31, 2021		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Foreign Exchange Forward contracts	2,22,465	-	28,573	1,79,489	-	15,104
Cross currency interest rate swap	75,520	88	298	36,615	-	1,304
Interest rate swap	-	899	116	-	-	1,813
Total	2,97,985	987	28,987	2,16,103	-	18,222

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 35.

The cross currency interest rate swap and foreign exchange forward currency agreements are entered to fully hedge the risk on account of change in interest rate and foreign exchange fluctuations on account of the external commercial borrowings.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management 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, 2022	March 31, 2021
Financial assets			
Loans			
Bills purchased and bills discounted	Charge on Trade receivables and inventories	2,37,005	1,18,666
Term loans	A) Charges over:	49,50,867	40,79,669
	i) real estate properties (including residential and commercial),		
	ii) Property and equipment,		
	iii) inventory and trade receivables,		
	iv) marketable securities (equity and debt securities)		
Credit substitutes	B) hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors	2,44,152	1,72,320
Finance lease and hire purchase	C) floating charge on corporate assets as mentioned in point A	1,61,039	92,515
Retained portion of assigned loans	Hypothecation of the underlying asset financed, primarily includes plant and equipment		
	mortgages over residential properties	1,212	1,658
Total		55,94,275	44,64,828

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, 2022, the Company has given loan against shares / equity oriented mutual funds / debt securities amounting to Rs. 6,49,057 Lakh (March 31, 2021 : Rs. 4,20,671 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, 2022, the Company is in possession of assets held for sale gross carrying value Rs. 3,055 lakh ((March 31, 2021 : Rs. 3,056 lakh) and provision towards the same Rs. 3,055 lakh (March 31, 2021 : Rs. 3,056 lakh)).

The Company has written-off loans of Rs. 54,665 lakh in financial year ended March 31, 2022 (March 31, 2021 : Rs. 81,455 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 Consolidated Financial Statements (Continued) for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management 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, 2022	March 31, 2021
Financial assets			
Loans			
Bills purchased and bills discounted	Charge on Trade receivables and inventories	-	-
Term loans	A) Charges over:	3,785	6,315
	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		
Total		3,785	6,315

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

TATA Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management review (Continued)

A. Credit risk

iii Amounts arising from ECL

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

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.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management 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 year ended March 31, 2022				For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	41,67,566	1,71,881	1,32,917	44,72,364	42,10,628	1,12,641	1,05,791	44,29,060
New assets originated or purchased (Including charges levied on existing exposure)	32,29,306	3,468	79	32,32,853	18,47,004	290	255	18,47,549
Assets derecognised or repaid (excluding write offs)	(19,52,595)	(61,567)	(22,340)	(20,36,502)	(16,76,532)	(30,900)	(12,764)	(17,20,196)
Transfers to Stage 1	16,044	(11,361)	(4,683)	-	27,435	(25,497)	(1,937)	-
Transfers to Stage 2	(1,84,710)	1,86,364	(1,654)	-	(1,49,391)	1,50,445	(1,054)	-
Transfers to Stage 3	(46,070)	(28,269)	74,339	-	(82,477)	(28,406)	1,10,882	-
Amounts written off	(5,878)	(4,933)	(53,754)	(64,565)	(9,100)	(6,692)	(68,256)	(84,049)
Gross carrying amount closing balance	52,23,663	2,55,583	1,24,904	56,04,150	41,67,566	1,71,881	1,32,917	44,72,364

Note : Gross carrying amount does not include loan commitments Rs. 3,36,370 lakh (March 31, 2021 : Rs. 2,24,443 lakh).

b) Particulars	For the year ended March 31, 2022				For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	34,917	49,238	94,077	1,78,232	49,437	25,953	82,714	1,58,104
Remeasurements due to changes in EAD / estimates	1,00,300	19,290	9,586	1,29,176	1,05,944	17,181	3,462	1,26,587
Assets derecognised or repaid (excluding write offs)	(16,292)	(12,026)	(13,796)	(42,114)	(26,435)	(8,377)	(10,725)	(45,537)
Transfers to Stage 1	257	(172)	(85)	-	727	(679)	(49)	-
Transfers to Stage 2	(43,686)	43,922	(236)	-	(36,864)	36,990	(126)	-
Transfers to Stage 3	(33,663)	(24,009)	57,672	-	(57,359)	(18,939)	76,298	-
Amounts written off	(339)	(3,511)	(48,825)	(52,676)	(533)	(2,891)	(57,497)	(60,922)
ECL allowance - closing balance	41,494	72,732	98,393	2,12,619	34,917	49,238	94,077	1,78,232

Note : Includes impairment allowance on loan commitments Rs. 1,773 lakh (March 31, 2021 : Rs. 1,197 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.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management 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, 2022	March 31, 2021
Loan exposure to modified financial assets		
(i) Gross carrying amount	2,26,612	67,851
(ii) Impairment allowance	74,057	19,888
(iii) Net carrying amount	1,52,554	47,963

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management 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, 2022				March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
SBU								
Consumer Finance & Advisory Business	18,47,594	2,04,654	82,343	21,34,591	15,80,248	1,33,443	93,369	18,07,059
Corporate & SME Finance Division	33,68,712	50,929	42,561	34,62,202	25,80,782	38,438	39,548	26,58,768
Others	7,356	-	-	7,356	6,536	-	-	6,536
Total	52,23,663	2,55,583	1,24,904	56,04,150	41,67,566	1,71,881	1,32,917	44,72,364

Note : Gross carrying amount does not include loan commitments Rs. 3,36,370 lakh (March 31, 2021 : Rs. 2,24,443 lakh).

STAGE	March 31, 2022				March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
SBU								
Consumer Finance & Advisory Business	29,911	62,948	60,700	1,53,559	22,525	43,247	59,889	1,25,661
Corporate & SME Finance Division	11,554	9,784	37,693	59,031	12,366	5,991	34,188	52,545
Others	29	-	-	29	26	-	-	26
Total	41,494	72,732	98,393	2,12,619	34,917	49,238	94,077	1,78,232

Note : Includes impairment allowance on loan commitments Rs. 1,773 lakh (March 31, 2021 : Rs. 1,197 lakh)

TATA Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management review (Continued)

B. Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Company, see Note 35.

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 Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management review (Continued)

B. Liquidity risk

i. 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, 2022	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1-3 months	3 months -1 year	1-5 years	More than 5 years	upto 1 Year	more than 1 Year
Financial liability by type									
Trade payables *	84,479	84,479	-	-	84,479	-	-	84,479	-
Debt securities issued	22,90,671	22,90,671	1,02,060	15,300	8,31,065	8,59,558	4,82,687	9,48,425	13,42,246
Borrowings (Other than debt securities)	18,94,093	18,94,093	1,74,946	2,46,083	4,18,883	10,54,180	-	8,39,913	10,54,180
Subordinated liabilities	4,32,060	4,32,060	-	-	13,580	1,50,855	2,67,625	13,580	4,18,480
External commercial borrowings	2,91,413	2,91,413	-	-	1,71,590	1,19,823	-	1,71,590	1,19,823
Lease liability	8,511	8,511	250	504	1,833	4,287	1,638	2,587	5,924
Other financial liabilities *	1,00,810	1,00,810	493	-	52,453	47,864	-	52,946	47,864
Derivative liabilities	28,987	28,987	29	31	28,162	764	-	28,222	764
Total	51,31,024	51,31,024	2,77,778	2,61,918	16,02,045	22,37,331	7,51,950	21,41,742	29,89,281
Market Borrowings	29,41,159	29,41,159	1,80,488	20,300	8,78,796	11,11,263	7,50,312	10,79,584	18,61,575
Bank borrowings	19,67,078	19,67,078	96,518	2,41,083	5,56,324	10,73,153	-	8,93,925	10,73,153
Total Borrowings	49,08,237	49,08,237	2,77,006	2,61,383	14,35,119	21,84,416	7,50,312	19,73,509	29,34,728
Financial asset by type									
Cash and cash equivalents	1,11,722	1,11,722	1,00,550	-	11,172	-	-	1,11,722	-
Bank balances	178	178	-	-	178	-	-	178	-
Receivables *	926	926	-	-	926	-	-	926	-
Loans	53,80,979	53,80,979	4,63,449	9,05,123	13,14,043	20,59,287	6,39,077	26,82,615	26,98,364
Investments	2,67,361	2,67,361	2,52,237	-	-	1,655	13,469	2,52,237	15,124
Other Financial Assets *	30,209	30,209	14	-	22,191	8,004	-	22,205	8,004
Derivative assets	987	987	-	-	9	978	-	9	978
Total	57,92,362	57,92,362	8,16,250	9,05,123	13,48,519	20,69,924	6,52,546	30,69,892	27,22,470

* 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, 2022

(Rs. in lakh)

36. Risk management review (Continued)

B. Liquidity risk

i. 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
Financial liability by type									
Trade payables *	64,128	64,128	-	-	64,128	-	-	64,128	-
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)	12,52,806	12,52,806	25,095	2,84,375	6,04,481	3,38,856	-	9,13,950	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 *	1,21,047	1,21,047	30,921	-	43,579	44,084	2,463	74,500	46,547
Issued loan commitments	-	-	-	-	-	-	-	-	-
Derivative liabilities	18,222	18,222	616	147	2,339	15,120	-	3,102	15,120
Total	40,35,416	40,35,416	85,545	4,00,845	13,66,094	16,64,662	5,18,271	18,52,482	21,82,934
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	13,47,840	13,47,840	23,651	2,75,375	4,99,423	5,49,392	-	7,98,448	5,49,392
Total Borrowings	38,23,927	38,23,927	53,795	4,00,275	12,54,094	16,00,662	5,15,102	17,08,163	21,15,764
Financial asset by type									
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	1,30,798	1,10,403	-	-	1,602	18,793	1,10,403	20,395
Other Financial Assets *	62,333	62,333	-	-	55,904	6,429	-	55,904	6,429
Derivative assets	-	-	-	-	-	-	-	-	-
Total	45,79,346	45,79,346	4,72,021	6,23,566	10,93,218	17,29,860	6,60,682	21,88,804	23,90,542

* 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, 2022

(Rs. in lakh)

36. Risk management review (Continued)

B. Liquidity risk

ii. Financial assets position pledged/ not pledged

The total financial assets demonstrating position of pledged and not pledged assets are shown in the below table:

ASSETS	As at March 31, 2022			As at March 31, 2021		
	Pledged	Not Pledged	Total	Pledged	Not Pledged	Total
Financial assets						
Cash and cash equivalents	-	1,11,722	1,11,722	-	1,00,316	1,00,316
Bank Balance other than (a) above	-	178	178	-	109	109
Derivatives financial instruments	-	987	987	-	-	-
Trade Receivables	-	926	926	-	1,962	1,962
Loans	53,73,623	7,356	53,80,979	42,77,292	6,536	42,83,828
Investments	-	2,67,361	2,67,361	-	1,30,798	1,30,798
Other financial assets	-	30,209	30,209	-	62,333	62,333
Non-financial Assets						
Current tax asset	-	11,932	11,932	-	11,551	11,551
Deferred tax Assets (Net)	-	65,688	65,688	-	56,693	56,693
Investment property	-	-	-	-	-	-
Property, Plant and Equipment	19	46,977	46,996	21	67,511	67,532
Capital work-in-progress	-	22	22	-	-	-
Intangible assets under development	-	569	569	-	633	633
Right to use assets	-	7,801	7,801	-	7,294	7,294
Other Intangible assets	-	1,867	1,867	-	2,018	2,018
Other non-financial assets	-	19,090	19,090	-	16,377	16,377
Total Assets	53,73,642	5,72,685	59,46,327	42,77,313	4,64,131	47,41,444

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management 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 on earnings, of interest rate movement considering the rate sensitive assets and rate sensitive liabilities upto one year period. 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, 2022

Particulars	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Rate sensitive assets	38,96,030	29,807	(29,807)
Rate sensitive liabilities	30,97,689	21,580	(21,580)
Net Gap (Asset - liability)	7,98,341	8,227	(8,227)

As on March 31, 2021

Particulars	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Rate sensitive assets	33,02,991	25,170	(25,170)
Rate sensitive liabilities	20,97,821	(13,579)	13,579
Net Gap (Asset - liability)	12,05,170	11,591	(11,591)

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, 2022	As at March 31, 2021
Variable rate borrowings	41%	34%
Fixed rate borrowings	59%	66%
Total borrowings	100%	100%

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, 2022 expressed in INR, are as follows

(Rs. in lakh)

Particulars	March 31, 2022				March 31, 2021			
	USD	EURO	JPY	SGD	USD	EURO	JPY	SGD
Letter of Credit/Buyers Credit	428	196	-	-	619	675	1,132	125

Particulars	Impact on profit after tax March 31, 2022				Impact on profit after tax March 31, 2021			
	USD	EURO	JPY	SGD	USD	EURO	JPY	SGD
Sensitivity - Increase by 1%	(4.28)	(1.96)	-	-	(6.19)	(6.75)	(11.32)	(1.25)
Sensitivity - Decrease by 1%	4.28	1.96	-	-	6.19	6.75	11.32	1.25

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk management review (Continued)

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

Changes in Liabilities arising from financing activities

Particulars	April 1, 2021	Cash Flows	Exchange Difference	Others*	March 31, 2022
Debt Securities	20,05,053	2,92,942	-	(7,324)	22,90,671
Borrowings (Other than debt securities)	14,63,342	7,24,497	5,810	(8,143)	21,85,506
Subordinated liabilities	3,55,532	74,515	-	2,013	4,32,060
Total	38,23,927	10,91,954	5,810	(13,454)	49,08,237

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

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	(2,28,089)	7,342	2,617	14,63,342
Subordinated liabilities	3,06,930	47,243	-	1,359	3,55,532
Total	39,01,936	- 84,439	7,342	13,772	38,23,927

*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 Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(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 Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(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.

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Segment Revenue		
a) Financing Activity	5,70,778	5,34,381
b) Investment Activity	18,837	20,299
c) Others	39,100	42,366
Total	6,28,715	5,97,047
Less : Inter Segment Revenue	-	-
Add : Interest on Income Tax Refund	5	2,410
Total Income	6,28,720	5,99,457
Segment Results		
a) Financing Activity	92,167	69,119
b) Investment Activity	18,017	20,299
c) Others	16,402	6,698
Total	1,26,586	96,116
Less : Unallocated Corporate Expenses	18,565	13,612
Profit before taxation	1,08,021	82,504
Less : Provision for taxation	26,302	14,805
Profit after taxation	81,719	67,699

Particulars	As at March 31, 2022	As at March 31, 2021
Segment Assets		
a) Financing Activity	55,17,985	44,40,576
b) Investment Activity	2,68,348	1,30,942
c) Others	49,941	77,340
d) Unallocated	1,10,110	92,699
Total	59,46,384	47,41,557
Segment Liabilities		
a) Financing Activity	50,80,185	39,62,635
b) Investment Activity	-	-
c) Others	41,832	67,016
d) Unallocated	48,093	38,372
Total	51,70,110	40,68,023

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Capital Expenditure (Including Capital Work-In-Progress)		
a) Financing Activity	51	-
b) Investment Activity	-	-
c) Others	1,568	3,631
d) Unallocated	219	1,893
Total	1,838	5,524
Depreciation and Amortisation		
a) Financing Activity	3,535	3,587
b) Investment Activity	-	-
c) Others	20,158	26,148
d) Unallocated	2,289	2,239
Total	25,982	31,974

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(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, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets	30,69,892	27,22,470	57,92,362	21,88,804	23,90,542	45,79,346
Cash and cash equivalents	1,11,722	-	1,11,722	1,00,316	-	1,00,316
Bank Balance other than (a) above	178	-	178	109	-	109
Trade Receivables	926	-	926	1,962	-	1,962
Loans	26,82,615	26,98,364	53,80,979	19,20,110	23,63,718	42,83,828
Investments	2,52,237	15,124	2,67,361	1,10,403	20,395	1,30,798
Other financial assets	22,205	8,004	30,209	55,904	6,429	62,333
Derivative assets	9	978	987	-	-	-
Non-financial Assets	13,157	1,40,808	1,53,965	13,157	1,48,941	1,62,098
Current tax asset	-	11,932	11,932	-	11,551	11,551
Deferred tax Assets (Net)	-	65,688	65,688	-	56,693	56,693
Property, Plant and Equipment	11,428	35,568	46,996	11,428	56,104	67,532
Capital work-in-progress	-	22	22	-	-	-
Intangible assets under development	-	569	569	-	633	633
Other Intangible assets	-	1,867	1,867	-	2,018	2,018
Right of use assets	-	7,801	7,801	-	7,294	7,294
Other non-financial assets	1,729	17,361	19,090	1,729	14,648	16,377
Total Assets	30,83,049	28,63,278	59,46,327	22,01,961	25,39,483	47,41,444
LIABILITIES						
Financial Liabilities	21,41,742	29,89,283	51,31,024	18,52,482	21,82,934	40,35,416
Trade Payables	84,479	-	84,479	64,128	-	64,128
Debt Securities	9,48,425	13,42,246	22,90,671	7,82,160	12,22,893	20,05,053
Borrowings (Other than debt securities)	10,11,503	11,74,003	21,85,506	9,13,950	5,49,392	14,63,342
Deposits	-	-	-	-	-	-
Subordinated liabilities	13,580	4,18,480	4,32,060	12,052	3,43,480	3,55,532
Lease liability	2,587	5,924	8,511	2,590	5,502	8,092
Other financial liabilities	52,946	47,864	1,00,810	74,500	46,547	1,21,047
Derivative financial instruments	28,222	765	28,987	3,102	15,120	18,222
Non-Financial Liabilities	30,084	9,002	39,086	22,859	9,748	32,607
Current tax liability	26,719	-	26,719	20,316	-	20,316
Provisions	3,365	-	3,365	2,543	-	2,543
Other non-financial liabilities	-	9,002	9,002	-	9,748	9,748
Total liabilities	21,71,826	29,98,285	51,70,110	18,75,341	21,92,682	40,68,023
Net	9,11,222	(1,35,006)	7,76,217	3,26,620	3,46,800	6,73,421

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

39. Leases :

As a lessee the Company classified property leases as operating leases under Ind AS 116. These include office premises taken on lease. The leases generally are with a periodicity of one to thirteen 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, 2022	As at March 31, 2021
Opening balance	7,294	8,739
Additions during the year	4,386	2,032
Deletion during the year	(721)	(279)
Depreciation charge for the year	(3,158)	(3,198)
Closing balance	7,801	7,294

(II). Movement of Lease liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	8,092	9,427
Additions during the year	4,192	1,766
Deletion during the year	(883)	(517)
Finance cost	692	806
Payment of lease liabilities	(3,582)	(3,389)
Closing balance	8,511	8,092

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

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

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one month	305	270
Between one and three months	609	532
Between three months and one year	2,225	2,376
Between one and five years	5,259	5,574
More than five years	1,818	775
Total	10,216	9,527

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on lease liabilities	(692)	(806)
Depreciation of ROU asset	(3,158)	(3,198)
Gain/(loss) on termination of leases	169	93
Rent concession related to COVID-19	40	177

(V). Amounts recognised In statement of cash flows

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Total cash outflow for leases	3,582	3,389

1 Company 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 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 Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(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, 2022	For the year ended March 31, 2021
i. Type of service		
- Fee and commission income	13,282	9,407
- Branch advertisement income	75	40
- Income from distribution of financial products	6,987	4,712
Total	20,344	14,159
ii. Primary geographical market:		
- Outside India	-	-
- India	20,344	14,159
Total revenue from contracts with customers	20,344	14,159
iii. Timing of revenue recognition		
- at a point in time upon rendering services	19,488	13,729
- over period of time upon rendering services	856	430
Total	20,344	14,159
iv. Trade receivables towards contracts with customers		
- Opening Balance	1,213	1,585
- Closing Balance	699	1,213
v. Impairment on trade receivables towards contracts with customers	(19)	(45)

The unbilled revenue of Rs. 1,438 lakh as at March 31, 2022 (March 31, 2021 : Rs. 669 lakh) has been considered as Contract assets, which are billable on completion of milestones specified in the contracts.

As on March 31, 2022 and March 31, 2021, the Company doesn't have any unsatisfied/partially satisfied performance obligation.

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, 2022	For the year ended March 31, 2021
Revenue reported as per IndAS 108 Segment Reporting	6,28,720	5,99,457
<i>Less:</i>		
(a) Revenue reported as per IndAS 109-Financial Instruments	5,76,797	5,44,260
(b) Revenue reported as per IndAS 116-Leases	30,660	38,140
(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	914	(46)
(e) Revenue reported as per IndAS 12-Income Taxes	5	2,410
Revenue reported as per IndAS 115 Revenue from contract with customers	20,344	14,159

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(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 2018	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2021 RSU
i. Vesting requirements	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	20% at the end of each 12 and 22 months and 30% at the end of each 34 and 46 months from the date of grant	100% at the end of 36 months from the date of grant
ii. Maximum term of option	7 years	7 years	7 years	7 years	3 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, 2022

Particulars	ESOP 2018	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2021 RSU	Total
Outstanding balance at the beginning of the period	15,55,000	15,75,000	20,32,500	-	-	51,62,500
Options granted	-	-	-	15,56,250	6,70,870	22,27,120
Options forfeited	85,000	1,00,000	1,85,000	-	-	3,70,000
Options exercised	-	-	-	-	-	-
Options expired	-	-	-	-	-	-
Options lapsed	-	-	-	-	-	-
Options outstanding at the end of the period	14,70,000	14,75,000	18,47,500	15,56,250	6,70,870	70,19,620
Options exercisable at the end of the period	10,29,000	5,90,000	3,69,500	-	-	19,88,500
For share options exercised:						
Weighted average exercise price at date of exercise						-
Money realized by exercise of options (in actual rupees)						-
For share options outstanding						
Range of exercise prices	50.60	51.00	40.30	51.80	51.80	
Average remaining contractual life of options	3.50	4.34	5.34	6.34	2.50	5.06
Modification of plans	N.A.	N.A.	N.A.	N.A.	N.A.	
Incremental fair value on modification	N.A.	N.A.	N.A.	N.A.	N.A.	

March 31, 2021

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

C. Valuation of stock options

Particulars	ESOP 2018	ESOP 2019	ESOP 2020	ESOP 2021
Share price:	50.60	51.00	40.30	51.80
Exercise Price:	50.60	51.00	40.30	51.80
Fair value of option:	23.34	23.02	17.07	22.33
Valuation model used:	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation
Expected Volatility:	0.38	0.41	0.42	0.41
Basis of determination of expected volatility:	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	Historical volatility of equity shares of comparable companies over the period ended October 01, 2021 based on the life of options
Contractual Option Life (years):	7.00	7.00	7.00	7.00
Expected dividends:	0.00	0.00	0.00	0.00
Risk free interest rate:	8.04%	6.28%	5.22%	5.87%
Vesting Dates	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	20% vesting on September 30, 2022 40% vesting on July 31, 2023 70% vesting on July 31, 2024 100% vesting on July 31, 2025
Valuation of incremental fair value on modification	N.A.	N.A.	N.A.	N.A.

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

As at March 31, 2022

Name of Scheme	Mr. Sarosh Kersi Amaria		Mr. Jaykumar Deepak Shah		Ms. Sonali Punekar	
	Granted	Exercised	Granted	Exercised	Granted	Exercised
ESPS 2009	1,23,250	1,23,250	5,014	5,014	-	-
ESPS 2011	-	-	-	-	-	-
ESOP 2011	80,000	80,000	-	-	-	-
PS 2013	13,286	13,286	541	541	-	-
ESPS 2013	-	-	-	-	-	-
ESOP 2013	-	-	20,000	20,000	-	-
ESOP 2016	10,000	10,000	10,000	10,000	-	-
ESOP 2017	10,000	10,000	10,000	10,000	-	-
ESOP 2018	4,00,000	-	-	-	-	-
ESOP 2019	4,00,000	-	-	-	-	-
ESOP 2020	4,40,000	-	-	-	-	-
ESOP 2021	4,50,000	-	-	-	-	-
ESOP 2021 RSU	1,93,986	-	-	-	-	-
Total	21,20,522	2,36,536	45,555	45,555	-	-

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	-	-	-	-	-	-	-	-	-	-
Total	10,36,536	2,36,536	45,555	45,555	-	-	12,00,000	-	3,94,305	1,69,305

* 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.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(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, 2022	As at March 31, 2021
Income Tax (Pending before Appellate authorities)	8,991	3,965
VAT (Pending before Appellate authorities)	1,701	675
Suits filed against the Company	649	645
Bank Guarantees	1,604	830
Letters of Credit	30,448	-

As at March 31, 2022, claims against the Company not acknowledged as debts in respect of income tax matters amounted to Rs. 8,991 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, 2022 Rs. 5,52,570 lakh (Year ended March, 31, 2021 : Rs. 4,10,240 lakh)

Less than 1 Year: Rs. 3,25,358 lakh (Year ended March, 31, 2021 : Rs. 3,00,033 lakh)

More than 1 Year: Rs. 2,27,212 lakh (Year ended March, 31, 2021 : Rs. 1,10,207 lakh)

(b) Leases entered but not executed Rs. 1,55,561 lakh (Year ended March, 31, 2021 : Rs. 84,421 lakh)

(c) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1,373 lakh (as at March 31, 2021 : Rs. 1,174 lakh).

- Tangible: Rs. 366 lakh (Year ended March, 31, 2021 : Rs. 95 lakh)

- Intangible: Rs. 1,007 lakh (Year ended March, 31, 2021 : Rs. 1,079 lakh)

- (iii) 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 in point (i) above. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

43. Earnings per Share (EPS):

Particulars		2021-22	2020-21
Profit after tax	Rs. in lakh	81,773	67,457
Weighted average number of Equity Shares used in computing earnings per share	Nos.	1,63,05,06,175	1,62,99,31,981
Weighted average number of equity shares in computing Basic / Diluted earnings per share	Nos.	1,63,05,06,175	1,62,99,31,981
Face value of equity shares	Rupees	10	10
Earnings per share (Basic and Diluted)	Rupees	5.02	4.14

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

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	84,137	75,371
Add : Additions during the year (net)	30,089	8,766
Closing Balance	1,14,226	84,137

44(ii) Movement in other provisions during the year is as under:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	1,059	1,915
Add : Additions during the year (net)	632	(856)
Closing Balance	1,691	1,059

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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:

Relationship	Name of related party
Ultimate Holding Company	Tata Sons Private Limited
Holding Company	Tata Capital Limited
Subsidiaries of Holding Company	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 Tata Capital Growth Fund I Tata Capital Healthcare Fund I Tata Capital Innovations Fund Tata Capital Special Situation Fund Tata Capital Growth Fund II Tata Capital Healthcare Fund II Tata Capital Markets Pte. Ltd.(ceased to exist w.e.f. 23.09.2020) Tata Opportunities II General Partners LLP (ceased to exist w.e.f. 23.09.2020) Tata Opportunities II Alternative Investment Fund (ceased to exist w.e.f. 31.03.2021)
Associates and Fellow Associates (with which the company had transactions)	TVS Supply Chain Solutions Limited Shriram Properties Limited (ceased to be related party w.e.f 22.12.2021) Fincare Business Services Limited Fincare Small Finance Bank Limited Tata Autocomp Systems Limited Tata Projects Limited Roots Corporation Limited Tata Technologies Limited Tema India Limited Indusface Private 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) Mr. F.N. Subedar - (Non-Executive Director) Ms. Anuradha E. Thakur - (Independent Director) Ms. Varsha Purandare - (Independent Director) Mr. Jaykumar Shah (Chief Financial Officer) (w.e.f 14.08.2020) Ms. Sonali Punekar (Company Secretary) (w.e.f 01.12.2020) Mr. Kusal Roy (Managing Director) (resigned w.e.f 04.05.2020) Ms. Avan Doomasia (Company Secretary) (resigned w.e.f 30.11.2020)

45. 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:

Relationship	Name of related party
Subsidiaries, Associates and Joint Venture of ultimate holding company (with which the company had transactions)	Automotive Stampings and Assemblies Limited Infiniti Retail Limited Niskalp Infrastructure Services Limited Tata Advanced Systems Limited Tata ALG General Insurance Company Limited Tata Asset Management Private 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 Industries Limited Tata International Limited Tata Teleservices (Maharashtra) Limited Tata Teleservices Limited Conneqt Business Solutions Limited (ceased to be related party w.e.f. 16.04.2021) Tata Consumer Products 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 & Wire Products Ltd. Maithon Power Limited Nelco Limited Piem Hotels Limited Tata Metaliks Ltd. Tata Motors Finance Limited Tata Power Solar Systems Limited Tata Power Trading Company Limited Tata Steel Utilities and Infrastructure Services 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 Tata Boeing Aerospace Limited Tata International DLT Private Limited Tata Lockheed Martin Aerostructures Limited Tata Precision Industries (India) Limited Tata Sikorsky Aerospace Limited Tata Toyo Radiator Limited Sir Dorabji Tata Trust Tata Steel BSL Limited Tata Ficosa Automotive Systems Private Limited TP Luminaire Private Limited Pاناتone Finvest Limited Tata Digital Private Limited TP Central Odisha Distribution Limited Emerald Haven Realty Limited Supermarket Grocery Supplies Private Limited Tata Business Hub Limited Tata Electronics Private Limited Tata Elxsi Limited Innovative Retail Concepts Private Limited Savis Retail Private Limited TP Northern Odisha Distribution Limited TP Western Odisha Distribution Limited Ideal Ice & Cold Storage Company Limited Land kart Builders Private Limited Tata Medical and Diagnostics Limited Tata Motors Passenger Vehicles Limited Tata Passenger Electric Mobility Limited Tata Steel Limited TP Southern Odisha Distribution Limited Tata Marcopolo Motors Limited

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
1	Tata Sons Private Limited	Income		
		Interest Income on Finance Lease	16	42
		Operating Lease rental	742	811
		Expenses		
		BEBP Expenses	1,567	1,666
		Professional Fees	7	38
		* Staff Welfare Expenses	0	0
		Training Expenses	-	1
		Other transactions		
		Sale of Assets	9	-
		Finance Lease Facility repayment received during period	205	190
		Assets		
		Finance Lease Facility Principal receivable	71	276
		* Finance lease accrued income & other receivables / (Payable)	0	(36)
		Balance Receivable	3	-
		Liabilities		
		Balance Payable	1,567	1,666
2	Tata Capital Limited	Income		
		PMS Income	-	15
		Referral Fees	-	15
		Recovery Rent and other expenses	4	3
		Expenses		
		Dividend paid during period - Equity Shares	12,061	14,995
		Interest expenses on Inter Corporate Deposit	9,462	6,672
		Interest expenses on Perpetual Non-Convertible debentures	1,113	1,113
		Service provider charges	2,264	1,299
		Insurance Expenses	7	6
		Rent and Guest house expenses	1,076	973
		Electricity Expenses	42	30
		Security Charge	-	88
		Other transactions		
		Inter-Corporate Deposit received	4,89,579	2,48,099
		Inter-Corporate Deposit repaid	5,27,144	1,91,391
		Infusion in Equity Share (inclusive of premium)	30,000	-
		Purchase of Asset	1	-
		Assets		
		Security Deposit receivable	5,847	5,847
		* Balance Receivable	0	37
		Liabilities		
		Equity shares held	1,65,987	1,62,993
Inter-Corporate Deposit Payable	77,493	1,15,058		
Accrued Interest on ICD Outstanding	495	480		
Perpetual Non-Convertible debentures	12,500	12,500		
Accrued Interest on Perpetual Debentures	18	18		
Balance Payable	579	510		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
3	Tata Capital Housing Finance Limited	Income		
		Referral Fees	15	9
		Recovery Rent and other expenses	737	811
		Expenses		
		Rent and Guest house expenses	88	95
		Valuation charges	80	-
		Other Transactions		
		* Purchase of Fixed Assets	0	-
		Sale of Assets	28	-
		Transfer of loan portfolio and processing fees	-	6,090
		Assets		
		Balance Receivable	88	809
		Liabilities		
Balance Payable	18	38		
4	Tata Cleantech Capital Limited	Income		
		Recovery Rent and other expenses	99	102
		Management Fees	8	6
		Expenses		
		Rent and Guest house expenses	9	2
		Professional Fees	9	9
		Other transactions		
		Reimbursement of expenses	3	-
		Paid during period towards purchase of loan portfolio	4,000	-
		Received during period towards sale of loan portfolio	28,864	4,023
		Assets		
Balance Receivable	9	12		
5	Tata Securities Limited	Income		
		Recovery Rent and other expenses	46	37
		Expenses		
		Professional Fees	37	4
		Other transactions		
		* Purchase of Fixed Assets	0	-
		Assets		
		Balance Receivable	-	8
Liabilities				
Balance Payable	25	-		
6	Tata Capital Advisors Pte. Limited	Income		
		SLA Fees	8	8
		Assets		
Balance Receivable	8	8		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
7	Tata Capital General Partners LLP	Income		
		SLA Fees	1	1
		Assets		
		Balance Receivable	1	1
8	Tata Capital Growth II General Partners LLP	Income		
		SLA Fees	1	1
		Assets		
		Balance Receivable	1	1
9	Tata Capital Healthcare General Partners LLP	Income		
		SLA Fees	1	1
		Assets		
		Balance Receivable	1	1
10	TATA Capital Healthcare II General Partners LLP	Income		
		SLA Fees	1	1
		Assets		
		Balance Receivable	1	1
11	Tata Capital Plc	Income		
		SLA Fees	8	8
		Assets		
		Balance Receivable	8	8
12	Tata Capital Pte. Limited	Income		
		SLA Fees	15	15
		Assets		
		Balance Receivable	15	15
13	Tata Opportunities General Partners LLP	Income		
		SLA Fees	1	1
		Assets		
		Balance Receivable	1	1

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
14	TVS Supply Chain Solutions Limited	Income		
		Interest Income on Loan	-	204
		Invoice Discounting	47	37
		Other transactions		
		Proceeds from Divestment of Equity during period	-	484
		Loan repayment received during period	-	12,725
		Invoice discounted during period	4,551	4,862
		Invoice discounted repayment received during period	4,635	4,500
		Assets		
		Invoice Discounted receivable	508	592
		Invoice Discounting other receivables	2	3
Investment in Equity Shares	806	755		
Commitments				
Off balance sheet exposure	492	398		
15	Fincare Business Services Limited	Income		
		Interest Income on Loan	316	89
		Other transactions		
		Loan given during period	-	3,732
		Loan repayment received during period	1,830	-
		Assets		
		Loan Principal receivable	2,023	3,732
* Loan accrued interest receivable	0	1		
Investment in Equity Shares	849	849		
16	Fincare Small Finance Bank Limited	Income		
		Interest Income on Loan	409	408
		Other transactions		
		Investment in Equity during period	119	3,616
		Assets		
Investment in Debentures	3,616	3,616		
Loan accrued interest receivable	13	13		
Investment in Equity Shares	150	30		
17	Shriram Properties Limited Ceased to be associate w.e.f. Dec 22, 2021	Assets		
		Investment in Equity Shares	-	3,935
		Provision for Diminution in value of Investment	-	(1,535)

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
18	Tata Autocomp Systems Limited	Income		
		Operating Lease rental	718	643
		Other transactions		
		Security deposit received during period	21	8
		Security deposit repaid / adjusted during period	-	132
		Assets		
		Balance Receivable	694	-
		Liabilities		
		Security deposit payable	473	450
		Commitments		
		Off balance sheet exposure	6,552	6,752
19	Tata Projects Limited	Income		
		Interest Income on Finance Lease	852	412
		Operating Lease rental	6,185	7,209
		Management Fees	702	6
		Interest Income on Loan	1,137	-
		Other transactions		
		Sale of Assets	336	61
		Finance Lease Facility provided during period	4,270	1,831
		Finance Lease Facility repayment received during period	1,568	769
		Loan given during period	50,000	-
		Loan repayment received during period	8,800	-
		Security deposit received during period	84	154
		Security deposit repaid / adjusted during period	-	69
		Assets		
		Finance Lease Facility Principal receivable	6,480	3,761
		Finance lease accrued income & other receivables	2,449	621
		Loan Principal receivable	41,200	-
		Loan accrued interest receivable	939	-
		Balance Receivable	288	-
		Liabilities		
Security deposit payable	778	694		
Commitments				
		Off balance sheet exposure	19,130	4,552
20	Roots Corporation Limited	Expenses		
		* Staff Welfare Expenses	0	-

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
21	Tata Technologies Limited	Income		
		Interest Income on Finance Lease	3	8
		Expenses		
		Information Technology Expenses	424	205
		Other transactions		
		Finance Lease Facility repayment received during period	28	42
		Assets		
* Finance Lease Facility Principal receivable	0	28		
* Finance lease accrued income & other receivables / (Payable)	(0)	1		
	Liabilities			
	Balance Payable	108	84	
22	Tema India Limited	Income		
		Interest Income on Loan	8	10
		Other transactions		
		Loan repayment received during period	16	14
		Assets		
Loan Principal receivable	56	72		
* Loan accrued interest receivable	0	1		
23	Indusface Private Limited	Expenses		
		Information Technology Expenses	13	-
		Liabilities		
	Balance Payable	4	-	
24	Tata Capital Limited Gratuity Scheme	Expenses		
		Contribution to Gratuity fund	73	329
25	Tata Capital Limited Employees Provident Fund	Expenses		
		Contribution to Provident Fund	1,259	1,116
		Other transactions		
		Employees Contribution to Provident Fund	1,939	1,567
	Liabilities			
	Balance Payable	114	90	
26	Tata Capital Limited Superannuation Scheme	Expenses		
		Contribution to Superannuation	92	80
		Assets		
	Balance Receivable	-	12	

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
27	TCL Employee Welfare Trust	Other transactions Loan given during period Assets Loan Principal receivable Balance Receivable	820 7,356 1	250 6,536 2
28	Automotive Stampings and Assemblies Limited	Income Interest Income on Loan Management Fees Other transactions Loan given during period Loan repayment received during period Assets Loan Principal receivable Loan accrued interest receivable Commitments Off balance sheet exposure	207 7 6,933 11,100 - - -	521 30 17,368 17,675 4,167 35 2,408
29	Infiniti Retail Limited	Income Operating Lease rental Management Fees Interest Income on Finance Lease Interest Income on Loan Expenses Commission Expenses Staff Welfare Expenses Other transactions Finance Lease Facility provided during period Finance Lease Facility repayment received during period Security deposit received during period Security deposit repaid / adjusted during period Loan given during period Loan repayment received during period NSR Payment Purchase of Fixed Assets Assets Finance Lease Facility Principal receivable Finance lease accrued income & other receivables / (Payable) * Balance Receivable / (Payable) * Balance Receivable Liabilities Security deposit payable Commitments Off balance sheet exposure	32 - 30 - 39 - 546 82 49 36 - - 1,497 - 479 (3) (0) 0 45 694	134 10 - 69 64 36 - 4 7 51 2,076 2,076 1,597 1 14 1 - - 31 5,339
30	Niskalp Infrastructure Services Limited	Income Recovery Rent and other expenses	-	1

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
31	Tata Advanced Systems Limited	Income		
		Interest Income on Finance Lease	54	33
		Syndication Fees	-	100
		Other transactions		
		Finance Lease Facility provided during period	199	47
		Finance Lease Facility repayment received during period	119	59
		Assets		
		Finance Lease Facility Principal receivable	313	181
		Finance lease accrued income & other receivables	94	119
		Commitments		
Off balance sheet exposure	716	304		
32	Tata AIG General Insurance Company Limited	Income		
		Commission Income on Insurance	591	488
		Expenses		
		Insurance Expenses	82	61
		Assets		
		Balance Receivable (advance paid)	50	47
		Balance Receivable	123	97
33	Tata Asset Management Private Limited	Income		
		Portfolio Management Service	31	42
		Assets		
		Balance Receivable	2	10
34	Tata Communications Collaboration Services Private Limited	Expenses		
		Telephone Expenses	-	2
35	Tata Communications Limited	Income		
		* Interest Income on Finance Lease	-	0
		Expenses		
		Information Technology Expenses	488	249
		Other transactions		
		Finance Lease Facility repayment received during period	1	13
		Assets		
		Finance Lease Facility Principal receivable	4	5
Finance lease accrued income & other receivables / (Payable)	(1)	(1)		
Liabilities				
Balance Payable	264	49		
36	Tata Communications Payment Solutions Limited	Expenses		
		Advertising Exp	-	10

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
37	Tata Communications Transformation Services Limited	Income		
		* Interest Income on Finance Lease	0	1
		Other transactions		
		Finance Lease Facility repayment received during period	1	10
		Assets		
		* Finance Lease Facility Principal receivable	0	2
		* Finance lease accrued income & other receivables / (Payable)	(0)	0
38	Tata Consultancy Services Limited	Income		
		Interest Income on Finance Lease	52	35
		Operating Lease rental	490	383
		Expenses		
		Information Technology Expenses	8,388	7,683
		Other transactions		
		Purchase of Fixed Assets	15	-
		Finance Lease Facility provided during period	149	-
		Finance Lease Facility repayment received during period	115	47
		Security deposit received during period	43	29
		Security deposit repaid / adjusted during period	21	(48)
		Assets		
		Finance Lease Facility Principal receivable	232	198
		Finance lease accrued income & other receivables	13	6
		Balance Receivable / (Payable)	(66)	-
		Liabilities		
		Balance Payable	2,642	1,642
Security deposit payable	178	157		
Commitments				
Off balance sheet exposure	766	1,192		
39	Tata Industries Limited	Income		
		Interest Income on Finance Lease	205	286
		Syndication Fees	158	80
		Other transactions		
		Finance Lease Facility provided during period	286	932
		Finance Lease Facility repayment received during period	485	535
		Assets		
		Finance Lease Facility Principal receivable	1,358	1,558
Finance lease accrued income & other receivables / (Payable)	(12)	253		
Commitments				
Off balance sheet exposure	380	448		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
40	Tata International Limited	Income		
		Interest Income on Finance Lease	12	14
		Other transactions		
		Finance Lease Facility provided during period	-	14
		Finance Lease Facility repayment received during period	33	17
		Assets		
		Finance Lease Facility Principal receivable	44	77
		Finance lease accrued income & other receivables	16	25
		Liabilities		
		Security deposit payable	21	21
41	Tata Teleservices (Maharashtra) Limited	Expenses		
		Telephone Expenses	111	136
42	Tata Teleservices Limited	Liabilities		
		* Balance Payable	2	0
42	Tata Teleservices Limited	Income		
		Interest Income on Finance Lease	18	24
		Expenses		
		Electricity Expenses	-	9
		Rent Expenses	-	25
		Telephone Expenses	29	34
		Other transactions		
		Finance Lease Facility provided during period	18	86
		Finance Lease Facility repayment received during period	81	82
		Assets		
Finance Lease Facility Principal receivable	79	142		
Finance lease accrued income & other receivables / (Payable)	(25)	(4)		
Balance Receivable	-	0		

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
43	Conneqt Business Solutions Limited (ceased to be related party w.e.f. 16.04.2021)	Income		
		Interest Income on Finance Lease	-	111
		Operating Lease rental	-	33
		Management Fees	-	0
		Recovery Electricity expenses	-	22
		Recovery Rent and other expenses	-	165
		Expenses		
		Outsourcing Expenses	-	7,776
		Other transactions		
		Finance Lease Facility provided during period	-	9
		Finance Lease Facility repayment received during period	-	294
		Security deposit repaid / adjusted during period	-	16
		Sale of Assets	-	44
		Assets		
		Finance Lease Facility Principal receivable	-	778
		Finance lease accrued income & other receivables	-	56
		Balance Receivable	-	76
Liabilities				
Balance Payable	-	3,240		
Security deposit payable	-	21		
Commitments				
Off balance sheet exposure	-	692		
44	Tata Consumer Products Limited	Income		
		Interest Income on Finance Lease	8	12
		Operating Lease rental	63	61
		Other transactions		
		Finance Lease Facility repayment received during period	18	15
		Assets		
		Finance Lease Facility Principal receivable	68	86
		Finance lease accrued income & other receivables	4	2
		Balance Receivable	33	-
		Commitments		
Off balance sheet exposure	310	310		
45	Tata Motors Limited	Income		
		Interest Income on Finance Lease	621	32
		Management Fees	9	29
		Foreclosure Charges	18	-
		Other transactions		
		Finance Lease Facility provided during period	8,419	424
		Finance Lease Facility repayment received during period	2,838	68
		Loan repayment received during period	-	15,002
		Assets		
		Finance Lease Facility Principal receivable	6,009	591
		Finance lease accrued income & other receivables	2,531	3,829
Commitments				
Off balance sheet exposure	5,515	6,445		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
46	The Associated Building Company Limited	Income		
		Interest Income on Loan	16	1
		Other transactions		
		Loan given during period	-	300
		Loan repayment received during period	256	44
		Assets		
		Loan Principal receivable	-	256
		Loan accrued interest receivable	-	1
		Commitments		
		Off balance sheet exposure	-	44
47	The Indian Hotels Company Limited	Income		
		Interest Income on Finance Lease	5	10
		Expenses		
		Staff Welfare Expenses	30	1
		Other transactions		
		Finance Lease Facility provided during period	9	-
		Finance Lease Facility repayment received during period	35	67
		Assets		
		Finance Lease Facility Principal receivable	18	43
		Finance lease accrued income & other receivables / (Payable)	2	(1)
Commitments				
Off balance sheet exposure	286	300		
48	The Tata Power Company Limited	Income		
		Interest Income on Finance Lease	260	153
		Management Fees	-	14
		Other transactions		
		Finance Lease Facility provided during period	972	190
		Finance Lease Facility repayment received during period	377	253
		Assets		
		Finance Lease Facility Principal receivable	1,540	1,011
		Finance lease accrued income & other receivables	223	472
		Balance Receivable	-	1
Commitments				
Off balance sheet exposure	2,060	1,554		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
49	Titan Company Limited	Income		
		Interest Income on Finance Lease	6	-
		Expenses		
		Staff Welfare Expenses	1	-
		Interest expenses on Inter Corporate Deposit	35	-
		Other transactions		
		Security deposit received during period	13	-
		Finance Lease Facility provided during period	132	-
		Inter-Corporate Deposit received	40,000	-
		Inter-Corporate Deposit repaid	40,000	-
		Assets		
		Finance Lease Facility Principal receivable	132	-
		Finance lease accrued income & other receivables	6	-
		Liabilities		
Security Deposit Payable	13	-		
Commitments				
Off balance sheet exposure	-	300		
50	Trent Limited	Other transactions		
		NSR Payment	246	178
51	Voltas Limited	Expenses		
		Commission Expenses	34	57
		Repairs and Maintenance	29	47
		Other transactions		
		Purchase of Fixed Assets	21	-
52	Coastal Gujarat Power Limited	Income		
		Interest Income on Finance Lease	34	18
		Management Fees	-	2
		Other transactions		
		Finance Lease Facility provided during period	186	12
		Finance Lease Facility repayment received during period	36	19
		Assets		
		Finance Lease Facility Principal receivable	245	95
		Finance lease accrued income & other receivables / (Payable)	(6)	59
		Commitments		
Off balance sheet exposure	1,650	185		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
53	TML Business Services Limited (formerly Concorde Motors (India) Limited)	Income		
		Operating Lease rental	-	28
		Interest Income on Finance Lease	11	-
		Foreclosure Charges	42	-
		Other transactions		
		Sale of Assets	13	-
		Commitments		
	Off balance sheet exposure	42	-	
54	Fiora Hypermarket Limited	Expenses		
		Commission Expenses	3	2
		Other transactions		
		NSR Payment	287	269
		Liabilities		
	Balance Payable	1	-	
55	Indian Steel & Wire Products Ltd.	Income		
		Interest Income on Finance Lease	9	10
		Other transactions		
		Finance Lease Facility provided during period	44	-
		Finance Lease Facility repayment received during period	26	22
		Assets		
		Finance Lease Facility Principal receivable	77	58
		Finance lease accrued income & other receivables	4	2
		Commitments		
			Off balance sheet exposure	1,230
56	Maithon Power Limited	Income		
		Interest Income on Finance Lease	9	5
		Other transactions		
		Finance Lease Facility provided during period	52	-
		Finance Lease Facility repayment received during period	11	9
		Assets		
		Finance Lease Facility Principal receivable	62	21
		Finance lease accrued income & other receivables / (Payable)	(2)	44
Commitments				
	Off balance sheet exposure	1,784	149	
57	Nelco Limited	Income		
		Interest Income on Finance Lease	4	6
		Other transactions		
		Finance Lease Facility repayment received during period	14	12
		Assets		
Finance Lease Facility Principal receivable	21	36		
Finance lease accrued income & other receivables	18	1		

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
58	Piem Hotels Limited	Income		
		Interest Income on Loan	17	-
		Management Fees	5	-
		Expenses		
		* Hotel Expenses	3	0
		Other transactions		
		Loan given during period	495	-
		Loan repayment received during period	495	-
		Commitments		
		Off balance sheet exposure	1,500	-
59	Tata Metaliks Ltd.	Income		
		Interest Income on Finance Lease	7	3
		Operating Lease rental	31	48
		Other transactions		
		Security deposit received during period	9	1
		Security deposit repaid / adjusted during period	-	2
		Finance Lease Facility provided during period	74	18
		Finance Lease Facility repayment received during period	16	8
		Assets		
		Finance Lease Facility Principal receivable	68	10
		Finance lease accrued income & other receivables / (Payable)	27	(5)
		Balance Receivable	1	-
		Liabilities		
		Security deposit payable	22	13
		Commitments		
Off balance sheet exposure	6,484	354		
60	Tata Motors Finance Limited	Expenses		
		Rent expenses	42	7
		Other transactions		
		Sale of Assets	-	5
		Liabilities		
Balance Payable	20	-		
61	Tata Power Solar Systems Limited	Income		
		Interest Income on Finance Lease	37	26
		Other transactions		
		Finance Lease Facility provided during period	83	64
		Finance Lease Facility repayment received during period	82	55
		Assets		
		Finance Lease Facility Principal receivable	208	138
		Finance lease accrued income & other receivables / (Payable)	(13)	8
Commitments				
Off balance sheet exposure	3,413	-		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
62	Tata Power Trading Company Limited	Income		
		* Interest Income on Finance Lease	0	1
		Other transactions		
		Finance Lease Facility repayment received during period	-	1
		Assets		
		Finance Lease Facility Principal receivable	-	4
		* Finance lease accrued income & other receivables	-	0
63	Tata Steel Utilities and Infrastructure Services Limited	Income		
		Interest Income on Finance Lease	19	5
		Operating Lease rental	-	14
		Other transactions		
		Sale of Assets	-	25
		Finance Lease Facility provided during period	216	-
		Finance Lease Facility repayment received during period	62	22
		Security deposit received during period	21	-
		Assets		
		Finance Lease Facility Principal receivable	185	30
		* Finance lease accrued income & other receivables	0	1
		Liabilities		
		Security deposit payable	29	9
Commitments				
Off balance sheet exposure	981	-		
64	TP Ajmer Distribution Limited	Income		
		Interest Income on Finance Lease	1	4
		Other transactions		
		Finance Lease Facility provided during period	9	6
		Finance Lease Facility repayment received during period	1	4
		Assets		
		Finance Lease Facility Principal receivable	32	24
* Finance lease accrued income & other receivables	0	2		
Commitments				
Off balance sheet exposure	1,650	-		
65	United Hotels Limited	Income		
		Interest Income on Finance Lease	4	5
		Other transactions		
		Finance Lease Facility provided during period	11	-
		Finance Lease Facility repayment received during period	4	3
		Assets		
		Finance Lease Facility Principal receivable	32	25
Finance lease accrued income & other receivables	4	2		
Commitments				
Off balance sheet exposure	35	53		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
66	Air International TTR Thermal Systems Private Limited	Income Operating Lease rental Assets Balance Receivable Liabilities Security deposit payable Commitments Off balance sheet exposure	29 27 18 823	29 - 18 823
67	AirAsia (India) Limited	Income Interest Income on Loan Management Fees Other transactions Loan given during period Loan repayment received during period Assets Loan Principal receivable Loan accrued interest receivable Commitments Off balance sheet exposure	1,810 65 53,000 46,994 26,000 186 10,000	1,109 50 31,551 21,557 19,994 95 10,000
68	Mikado Realtors Private Limited	Income * Interest Income on Loan Management Fees Other transactions Loan given during period Loan repayment received during period Commitments Off balance sheet exposure	0 - - - -	283 2 1,250 2,750 550
69	Tata AIA Life Insurance Company Limited	Income Interest Income on Finance Lease Commission Income on Insurance Expenses Insurance Expenses Other transactions Finance Lease Facility provided during period Finance Lease Facility repayment received during period Assets Finance Lease Facility Principal receivable Finance lease accrued income & other receivables Balance Receivable Balance Receivable (advance paid) Commitments Off balance sheet exposure	26 346 176 105 32 112 5 5 195 432	7 245 82 35 6 38 120 8 130 479

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
70	Tata AutoComp GY Batteries Private Limited	Income		
		Interest Income on Loan	6	36
		Management Fees	-	4
		Other transactions		
		Loan given during period	1,000	2,540
		Loan repayment received during period	1,000	2,540
71	Tata Boeing Aerospace Limited	Income		
		Interest Income on Finance Lease	1	1
		Other transactions		
		Finance Lease Facility provided during period	-	3
		Finance Lease Facility repayment received during period	2	2
		Assets		
		Finance Lease Facility Principal receivable	4	6
		* Finance lease accrued income & other receivables / (Payable)	(0)	(0)
		Commitments		
		Off balance sheet exposure	138	138
72	Tata International DLT Private Limited	Income		
		Interest Income on Loan	-	15
		Other transactions		
		Loan repayment received during period	-	225
73	Tata Lockheed Martin Aerostructures Limited	Income		
		Interest Income on Finance Lease	2	5
		Other transactions		
		Finance Lease Facility repayment received during period	13	17
		Assets		
		Finance Lease Facility Principal receivable	10	30
Finance lease accrued income & other receivables / (Payable)	13	(1)		
74	Tata Precision Industries (India) Limited	Income		
		Interest Income on Loan	3	5
		Management Fees	1	-
		Other transactions		
		Loan given during period	96	-
		Loan repayment received during period	23	23
		Assets		
		Loan Principal receivable	96	23
Loan accrued interest receivable	1	0		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
75	Tata Sikorsky Aerospace Limited	Income Interest Income on Finance Lease Other transactions Finance Lease Facility provided during period Finance Lease Facility repayment received during period Assets Finance Lease Facility Principal receivable Finance lease accrued income & other receivables Commitments Off balance sheet exposure	 9 44 15 48 12 53	 2 12 5 19 28 80
76	Tata Toyo Radiator Limited	Income Operating Lease rental Management Fees Interest Income on Loan Other transactions Security deposit received during period Security deposit repaid / adjusted during period Loan repayment received during period Loan given during period Assets Balance Receivable Loan Principal receivable Loan accrued interest receivable Liabilities Security deposit payable Commitments Off balance sheet exposure	 2,086 - 68 22 - 2,500 - 2,053 - - 1,188 286	 1,922 11 158 210 4 - 2,500 - 2,500 18 1,154 286
77	Sir Dorabji Tata Trust	Expenses CSR Expenditure	 -	 50
78	Tata Steel BSL Limited	Income Interest Income on Loan Assets Investment in Equity during period	 2 -	 - 6
79	Tata Ficosa Automotive Systems Private Limited	Income Invoice Discounting Management Fees Interest Income on Loan Other Transactions Loan given during period Loan repayment received during period Assets Loan Principal receivable Loan accrued interest receivable	 - - 25 1,400 2,400 - -	 65 3 4 1,003 3 1,000 4

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
80	TP Luminaire Private Limited	Income		
		Management Fees	-	28
		Interest Income on Loan	302	260
		Other Transactions		
		Loan given during period	-	5,552
		Loan repayment received during period	4,224	1,328
		Assets		
		Loan Principal receivable	-	4,224
		Loan accrued interest receivable	-	1
		Commitments		
Off balance sheet exposure	-	1,052		
81	Pantone Finvest Limited	Other Transactions		
		Sale of Investment	-	0
82	Tata Digital Private Limited	Income		
		Interest Income on Loan	436	-
		Other Transactions		
		Loan given during period	15,000	-
Loan repayment received during period	15,000	-		
83	TP Central Odisha Distribution Limited	Income		
		Interest Income on Finance Lease	30	-
		Other transactions		
		Finance Lease Facility provided during period	128	-
		Finance Lease Facility repayment received during period	35	-
		Assets		
		Finance Lease Facility Principal receivable	93	-
		Finance lease accrued income & other receivables / (Payable)	(2)	93
Commitments				
Off balance sheet exposure	1,698	128		
84	Emerald Haven Realty Limited	Income		
		Interest Income on Loan	603	-
		Other transactions		
		Loan repayment received during period	2,037	-
		Assets		
Loan Principal receivable	4,183	-		
Loan accrued interest receivable	59	-		
85	Supermarket Grocery Supplies Private Limited	Income		
		Interest Income on Loan	27	-
		Management Fees	30	-
		Other transactions		
		Loan given during period	5,968	-
		Loan repayment received during period	5,968	-

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
86	Tata Business Hub Limited	Income		
		Interest Income on Finance Lease	12	-
		Other transactions		
		Finance Lease Facility provided during period	217	-
		Finance Lease Facility repayment received during period	24	-
		Assets		
		Finance Lease Facility Principal receivable	193	-
		Finance lease accrued income & other receivables / (Payable)	(2)	-
		Commitments		
		Off balance sheet exposure	244	-
87	Tata Electronics Private Limited	Income		
		Interest Income on Finance Lease	41	-
		Other transactions		
		Finance Lease Facility provided during period	946	-
		Finance Lease Facility repayment received during period	149	-
		Security deposit received during period	15	-
		Assets		
		Finance Lease Facility Principal receivable	797	-
		Finance lease accrued income & other receivables	1,989	-
		Liabilities		
Security Deposit Payable	15	-		
Commitments				
Off balance sheet exposure	1,322	-		
88	Tata Elxsi Limited	Income		
		Interest Income on Finance Lease	12	-
		Other transactions		
		Finance Lease Facility provided during period	150	-
		Finance Lease Facility repayment received during period	14	-
		Assets		
		Finance Lease Facility Principal receivable	136	-
		Finance lease accrued income & other receivables	31	-
		Commitments		
		Off balance sheet exposure	485	-
89	Innovative Retail Concepts Private Limited	Expenses		
		Staff Welfare Expenses	1	-
		Liabilities		
* Balance Payable	0	-		
90	Savis Retail Private Limited	Expenses		
		Staff Welfare Expenses	1	-

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
91	TP Northern Odisha Distribution Limited	Income		
		Interest Income on Finance Lease	3	-
		Other transactions		
		Finance Lease Facility provided during period	28	-
		Finance Lease Facility repayment received during period	2	-
		Assets		
		Finance Lease Facility Principal receivable	27	-
		Finance lease accrued income & other receivables	16	-
		Commitments		
		Off balance sheet exposure	3,452	-
92	TP Western Odisha Distribution Limited	Income		
		Interest Income on Finance Lease	2	-
		Other transactions		
		Finance Lease Facility provided during period	47	-
		Finance Lease Facility repayment received during period	1	-
		Assets		
		Finance Lease Facility Principal receivable	46	-
		Finance lease accrued income & other receivables	10	-
		Commitments		
		Off balance sheet exposure	3,417	-
93	Ideal Ice & Cold Storage Company Limited	Income		
		Interest Income on Finance Lease	3	-
		Assets		
		Finance lease accrued income & other receivables	55	-
		Commitments		
Off balance sheet exposure	246	-		
94	Land kart Builders Private Limited	Income		
		Referral Fees	2	-
		Assets		
		Balance Receivable	2	-
95	Tata Medical and Diagnostics Limited	Expenses		
		* Staff Welfare Expenses	0	-
		Income		
		* Interest Income on Finance Lease	0	-
		Assets		
		Finance lease accrued income & other receivables	50	-
		Commitments		
Off balance sheet exposure	550	-		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

45. 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	FY 21-22	FY 20-21
96	Tata Motors Passenger Vehicles Limited	Income		
		Interest Income on Finance Lease	215	-
		Other transactions		
		Finance Lease Facility provided during period	2,094	-
		Finance Lease Facility repayment received during period	141	-
		Assets		
		Finance Lease Facility Principal receivable	1,953	-
		Finance lease accrued income & other receivables	691	-
		Commitments		
		Off balance sheet exposure	4,802	-
97	Tata Passenger Electric Mobility Limited	Income		
		Interest Income on Finance Lease	16	-
		Other transactions		
		Finance Lease Facility provided during period	145	-
		Finance Lease Facility repayment received during period	2	-
		Assets		
		Finance Lease Facility Principal receivable	143	-
		Finance lease accrued income & other receivables	51	-
		Commitments		
		Off balance sheet exposure	1,950	-
98	Tata Steel Limited	Assets		
		Investment in Equity Shares	11	-
99	TP Southern Odisha Distribution Limited	Income		
		* Operating Lease rental	0	-
		Commitments		
Off balance sheet exposure	3,487	-		
100	Tata Marcopolo Motors Limited	Commitments		
		Off balance sheet exposure	750	-
101	Key Management	Remuneration to KMP		
		Short Term Employee Benefits	495	302
		Post Employment Benefits	27	31
		Share based payments (No. of Shares)	-	-
		Options granted **	21,66,077	10,82,091
		Options exercised	2,82,091	2,82,091
		Director Sitting Fees & Commission	114	125

Notes :

- a) * less than Rs.50,000/-
b) ** ESOP has been granted by Tata Capital Limited
c) Expected credit loss provision for parties listed above have not been considered as provision for doubtful debts, hence not disclosed
d) The above related party transactions are at Arm's length and in the ordinary course of business.

C) List of Associates

Country of Incorporation	Name of Associate	Ownership Interest	
		March 31, 2022	March 31, 2021
India	Shriram Properties Limited (ceased to be associate w.e.f.22.12.2021)	-	1.50%
India	TVS Supply Chain Solutions Limited	0.38%	0.42%
India	Fincare Business Services Limited	0.76%	0.78%
India	Fincare Small Finance Bank Limited	0.11%	0.02%

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

46. Loans and advances - Financing Activity (Secured) include Rs. Nil (Year ended March, 31, 2021 : 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, 2022, the Company is in possession of non current assets held for sale (NCAHS) of which gross carrying value is Rs. 3,055 lakh (March 31, 2021 : Rs. 3,056 lakh) and provision towards the same is Rs. 3,055 lakh (March 31, 2021 : 3,056 lakh). Investments include Rs. 1,768 lakh (March, 31, 2021 : Rs. 2,079 lakh) being the value of the unquoted equity shares Rs. 1,756 lakh (March 31, 2021 : Rs. 2,071 lakh) and quoted equity shares Rs. 12.23 lakh (March 31, 2021 : 8 lakh) acquired in satisfaction of the respective loans under the Settlement Agreement.
47. The value of a unhedged foreign currency transaction for Letter of Credit and Buyers Credit as on March 31, 2022 is Rs. 626 lakh (March 31, 2021 : Rs 2,551 lakh) is on account of assets acquired to be given on operating lease/finance lease/synthetic lease to the customers.
48. The company has reported 14 frauds aggregating Rs. 9,840 lakh (March 31, 2021 : 15 frauds aggregating Rs. 48 lakh) based on management reporting to risk committee and to the RBI through prescribed returns. The nature of fraud involved is misappropriation of funds, cheating and forgery.

49. The Company 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, 2022 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	Impairment	Carrying Amount of Investments
1	Fincare Business Services Limited (Refer footnote 1 below)	India	March 31, 2022	0.76%	734	115	-	849
			March 31, 2021	0.78%	734	115	-	849
2	Shriram Properties Limited**	India	March 31, 2022	0.00%	-	-	-	-
			March 31, 2021	1.50%	3,935	-	(1,535)	2,400
3	TVS Supply Chain Solutions Limited (Refer footnote 1 below)	India	March 31, 2022	0.38%	982	(176)	-	806
			March 31, 2021	0.42%	982	(227)	-	755
4	Fincare Small Finance Bank Limited (Refer footnote 1 below)	India	March 31, 2022	0.11%	145	5	-	150
			March 31, 2021	0.02%	27	3	-	30
Total					1,861	(56)	-	1,805
					<i>5,678</i>	<i>(109)</i>	<i>(1,535)</i>	<i>4,034</i>

Note:

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

**Shriram Properties Limited ceased to be Associate Company w.e.f. 22nd December 2021

50. 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 31,2022		As at March 31,2021		For the period ended March 31,2022		For the period ended March 31,2021		For the period ended March 31,2022		For the period ended March 31,2021	
	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
Parent:												
Tata Capital Financial Services Limited	99.77%	7,74,412	99.24%	6,69,386	99.94%	81,722	100.35%	67,695	99.94%	2,725	100.25%	(810)
Associates (Investment as per the equity method)												
Indian												
Fincare Business Services Limited	0.11%	849	0.13%	849	0.00%	-	-0.03%	(17)	0.00%	-	-0.87%	7
Shriram Properties Limited	-	-	0.36%	2,400	-	-	0.00%	-	-	-	-	-
TVS Supply Chain Solutions Limited	0.10%	806	0.11%	756	0.06%	50	-0.33%	(224)	0.06%	2	0.62%	(5)
Fincare Small Finance Bank Limited	0.02%	150	0.00%	30	0.00%	2	0.00%	3	-	-	-	-
Total	100%	7,76,217	100%	6,73,421	100%	81,773	100%	67,457	100%	2,727	100%	(808)

Tata Capital Financial Services Limited

Notes forming part of the Consolidated Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

51. The impact of COVID-19 on the Company's performance will depend on the ongoing as well as future developments, including, among other things, any new information concerning the COVID-19 pandemic and any measure to contain its spread or mitigate its impact, whether mandated by the Government or adopted by us.
52. During the year ended March 31, 2022, the Company has raised funds through the right issue, amounting to Rs. 30,000 lakhs through allotment of 2,99,40,119 equity shares of face value Rs. 10 each fully paid up, at a price of Rs. 100.20 each, including a premium of Rs. 90.20 each.
53. The Board of Directors, vide a resolution passed by circulation on September 17, 2021 and at the Meeting of the Board held on March 17, 2022, have declared and approved an interim equity dividend of Rs. 0.25 and Rs. 0.49 per equity share, respectively, and the dividend has been paid to the shareholders in the same period.
54. Details of transactions with companies struck off under section 248 of the Companies Act, 2013 :

Sr. No.	Name of Struck off Company	Nature of transactions			(Rs. in lakhs)
			As at March 31, 2022	As at March 31, 2021	Relationship with the struck off company
1	G R Foundations Private Limited	Loan	2	3	Borrower
2	SAFNA Consultancy Private Limited	Interest on Debentures	15	2	Debenture holder

55. The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

The Company has not received any funds (which are material either individually or in the aggregate) from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

56. The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Company, same are not covered:
- The Company has not traded or invested in crypto currency or virtual currency during the financial year
 - No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder
 - The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority
 - The Company has not entered into any scheme of arrangement
 - No satisfaction of charges are pending to be filed with ROC
 - There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

In terms of our report of even date
For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

In terms of our report of even date
For **M M Nissim & Co LLP**
Chartered Accountants
Firm's Registration No: 107122W/W100672

For and on behalf of the Board of Directors

Khushroo B. Panthaky
(Partner)
Membership No: 042423

Sanjay Khemani
(Partner)
Membership No: 044577

Rajiv Sabharwal
(Chairman)
(DIN No. : 00057333)

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

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

Mumbai
April 21, 2022

Mumbai
April 21, 2022

Mumbai
April 21, 2022

Mumbai
April 21, 2022

Mumbai
April 21, 2022

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

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

Jaykumar Shah
(Chief Financial Officer)

Sonali Punekar
(Company Secretary)

Pune
April 21, 2022

Mumbai
April 21, 2022

Mumbai
April 21, 2022

Mumbai
April 21, 2022

Form AOC - I
(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, 2021	March 21, 2017	25,47,910	734	0.76%	Based on rights under definitive documents	N.A.	542	-	-38
2	TVS Supply Chain Solutions Limited	March 31, 2021	September 3, 2015	14,54,880	982	0.38%		N.A.	202	50	11,705
3	Fincare Small Finance Bank Limited	March 31, 2021	January 21, 2021	2,38,980	145	0.11%		N.A.	112	2	5,002

1) Shriram Properties Limited ceased to be Associate Company w.e.f. December 22, 2021

For and on behalf of the Board of Directors

Rajiv Sabharwal
(Chairman)
(DIN No. : 00057333)

Mumbai
April 21, 2022

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

Mumbai
April 21, 2022

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

Mumbai
April 21, 2022

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

Pune
April 21, 2022

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

Mumbai
April 21, 2022

Jaykumar Shah
(Chief Financial Officer)

Mumbai
April 21, 2022

Sonali Punekar
(Company Secretary)

Mumbai
April 21, 2022

Standalone Financial Statements

Walker Chandiook & Co LLP
Chartered Accountants
11th Floor, Tower II
One International Centre
S B Marg, Prabhadevi (W)
Mumbai – 400 013

M M Nissim & Co LLP
Chartered Accountants
Barodawala Mansion, B-Wing
3rd Floor, Dr Annie Besant Road
Worli
Mumbai – 400 018

Independent Auditor's Report

To the Members of Tata Capital Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **Tata Capital Financial Services Limited** ('the Company'), which comprise the Balance Sheet as at **31 March 2022**, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. 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 Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of loans and advances to customers (Refer Note 2 for significant accounting policies and Note 36 for credit risk disclosures)</p>	
<p>As at 31 March 2022, the Company has reported gross loan assets of ₹ 5,604,150 lacs against which an impairment loss of ₹ 210,846 lacs has been recorded. The Company recognized impairment provision for loan assets based on the Expected Credit Loss (“ECL”) approach laid down under ‘Ind AS 109 – Financial Instruments’.</p> <p>The estimation of ECL on financial instruments involves significant management judgement and estimates and the use of different modelling techniques and assumptions which could have a material impact on reported profits. Significant management judgement and assumptions involved in measuring ECL is required with respect to:</p> <ul style="list-style-type: none"> ➤ ensuring completeness and accuracy of the data used to create assumption in the model ➤ determining the criteria for a significant increase in credit risk ➤ factoring in future economic assumptions ➤ techniques used to determine probability of default, loss given default and exposure at default. <p>These parameters are derived from the Company’s internally developed statistical models and other historical data.</p> <p>During the previous and current years, RBI announced various relief measures for the borrowers which were implemented by the Company such as “COVID 19 Regulatory Package- Asset Classification and Provisioning” announced by the RBI on 17 April 2020 and RBI circular on “Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package” dated 07 April 2021 (collectively referred to as ‘the RBI circulars’), and “Resolution Framework for COVID-19 related Stress” (the ‘Resolution Framework’) dated on 6 August 2020 and 4 June 2021, which have been collectively considered by the management in identification, classification and provisioning of loan assets for impairment.</p> <p>On the basis of an estimate made by the management, an overlay to the tune of ₹ 6560 lacs has been recognized by the Company as at 31 March 2022 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Company. The basis of estimates and assumptions involved in arriving at the overlay are monitored by the Company periodically and significantly depend on future developments in the economy including expected impairment losses.</p>	<p>Our audit focused on assessing the appropriateness of management’s judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Considered the Company’s accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109 • Understanding management’s updated processes, systems and controls implemented in relation to impairment allowance process, particularly in view of COVID-19 Regulatory Package. • Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording, monitoring of the impairment loss recognized and staging of assets. Also evaluated the controls over the modelling process, validation of data and related approvals. • Evaluated the appropriateness of the Company’s determination of Significant Increase in Credit Risk (“SICR”) in accordance with the applicable accounting standard considering the impact of COVID-19 on account of moratorium and restructuring benefit extended by the Company and the basis for classification of various exposures into various stages. Further, assessed the critical assumptions and
<p>225</p>	

Key audit matter	How our audit addressed the key audit matter
<p>Disclosure</p> <p>The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to ECL computation. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions is also an area of focus.</p> <p>Considering the significance of the above matter to the overall financial statements, additional complexities involved on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter.</p>	<p>input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default (EAD), probability of default (PD) and loss given default (LGD);</p> <ul style="list-style-type: none"> • Evaluated the reports and working for the methodology used in the computation of Through The Cycle PD, Point In Time PD and LGD, among others. • Verified that the Company's approved policy in relation to moratorium and restructuring is in accordance with the RBI requirements. Evaluated that the restructuring was approved and implemented in accordance with such policy, and the provisions created on such restructured loan assets were in accordance with the Company's policy. • Performed test of details over calculations of ECL, in relation to the completeness and accuracy of data. • Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable. • Assessed the appropriateness and adequacy of the related presentation and disclosures of Note 35 "Financial risk management" and ECL disclosed in the accompanying financial statements including disclosure of key judgements and assumptions involved, in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.
Information Technology system for the financial reporting process	
<p>The company is highly dependent upon its information technology (IT) systems for carrying out its operations and processing significant volume of transactions, which impacts key financial accounting and reporting activities. The company has put in place the IT General Controls and application controls to ensure that the information produced by the company is complete, accurate and reliable. Among other things, the Management also uses the information produced by the entity's IT systems for accounting, preparation and the presentation of the of the financial statements.</p>	<p>Our audit procedures for assessment of the IT systems and controls over financial reporting, included but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's key IT systems, IT General Controls which covered access controls, program/ system changes, program development and computer operations i.e. job processing, data/ system backup and incident management and application controls relevant to our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Since our audit strategy included focus on entity's key IT systems relevant to our audit due to their potential pervasive impact on the financial statements, we have determined the audit of IT systems and related control environment for accounting and financial reporting as a key audit matter.</p>	<ul style="list-style-type: none"> • Tested the design, implementation and operating effectiveness of the general IT controls over the key IT systems that are critical to financial reporting. This included evaluation of entity's controls to ensure segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being re-certified during the period of audit. Further, controls related to program change were evaluated to verify whether the changes were approved, tested in an environment that was segregated from production and moved to production by appropriate users; • Tested application controls (automated controls), related interfaces and report logic for system generated reports relevant to the audit of loans, expenses, payroll, borrowings and investment among others, for evaluating completeness and accuracy; • Tested compensating controls or performed alternate audit procedures to assess whether there were any unaddressed IT risks that would impact the controls or completeness and/or accuracy of data.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report 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 will 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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Management and the Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the Board of Directors and management 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 intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Board of Directors;

- Conclude on the appropriateness of Board of Directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
 - Obtain sufficient appropriate audit evidence regarding the financial statements of the Company to express an opinion on the financial statements.
12. 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.
13. 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.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. The standalone financial statements of the Company for the year ended 31 March 2021 were audited by the predecessor auditor, BSR & Co LLP, Chartered Accountants, who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 22 April 2021.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

18. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, 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 purpose of our audit of the accompanying standalone financial statements;
 - 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 financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
 - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 on its financial position as at 31 March 2022 in the standalone financial statements as detailed in note 42;
 - ii. the Company, as detailed in note 55(xxiv) to the standalone financial statements, has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022
 - iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The dividend declared during the year ended 31 March 2022 by the Company is in compliance with section 123 of the Act

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

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

Khushroo B. Panthaky
Partner
Membership No:042423

UDIN:22042423AHMICI9577

Place: Mumbai
Date: 21 April 2022

Sanjay Khemani
Partner
Membership No:044577

UDIN:22044577AHMMTF5780

Place: Mumbai
Date: 21 April 2022

Annexure I referred to in Paragraph 17 of the Independent Auditor's Report of even date to the members of Tata Capital Financial Services Limited on the standalone financial statements for the year ended 31 March 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its property, plant and equipment 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. In accordance with this program, these property, plant and equipment were verified during 2019-20 and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has a working capital limit in excess of Rs 5 crore sanctioned by banks and financial institutions based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and financial institutions and such statements are in agreement with the books of account of the Company for the respective periods, which were subject to review on a quarterly basis and audit at the year end.
- (iii) (a) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) The investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not, prima facie, prejudicial to the Company's interest.

Annexure I (Contd)

- (c) The Company is a Non-Banking Financial Company ('NBFC'), registered under provisions of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular except for certain instances as below.

Outstanding of overdue loans as on 31 March 2022

Particulars – Days past due	Total amount due (₹ in lakhs)	No. of Cases
1-29 days	89,872	28,674
30-59 days	48,634	14,481
60-89 days	26,117	8,469
90 days or more	104,861	47,084
Total	269,484	98,708

- (d) According to the information and explanations given to us, the total amount which is overdue for 90 days or more in respect of loans and advances in the nature of loans given in course of the business operations of the Company aggregates to Rs 104,681 lakhs as at 31 March 2022 in respect of 47,084 number of loans. Further, reasonable steps as per the policies and procedures of the Company have been taken for recovery of such principal and interest amounts overdue.
- (e) The Company is a Non-Banking Finance Company, and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has granted loans or advances in the nature of loans which are repayable on demand or without specifying any terms or period of repayment, as per details below:

Particulars	All Parties (₹ in lacs)	Promoters	Related Parties (₹ in lacs)
Aggregate of loans/advances in nature of loan - Repayable on demand and Agreement does not specify any terms or period of repayment	7,356	-	7,356
Total	7,356	-	7,356
Percentage of loans/advances in nature of loan to the total loans	0.13%	-	0.13%

- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, as applicable.

Annexure I (Contd)

- v. The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being an non-banking financial company registered with the Reserve Bank of India ('the RBI'), and also the Company has not accepted any deposits from public or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii)(a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ in Lacs)	Amount paid under Protest (₹in Lacs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax	Direct tax	212.27	84.96	AY 2016-17	Commissioner of Income Tax (Appellate Authority)	-
Income Tax	Direct tax	1,712.07	333.00	AY 2017-18	Commissioner of Income Tax (Appellate Authority)	-
Income Tax	Direct tax	2,420.26	-	AY 2018-19	Commissioner of Income Tax (Appellate Authority)	-
Income Tax	Direct tax	2,840.19	-	AY 2019-20	Commissioner of Income Tax (Appellate Authority)	-
Value added Tax	VAT – Tamil Nadu	1.45	1.45	FY 2013-14	Revision petition filed before Jt. Commissioner (CT)	-
Value added Tax	VAT - Tamil Nadu	3.79	3.16	FY 2012-13	Deputy Commissioner (Commercial Taxes)	-
Value added Tax	JVAT - Jamshedpur Urban Circle	23.08	-	FY 2015-16	Deputy Commissioner (Commercial Taxes)	-

Annexure I (Contd)

Name of the statute	Nature of dues	Gross Amount (₹ in Lacs)	Amount paid under Protest (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Value added Tax	WBVAT- West Bengal	78.65	-	FY 2015-16	Deputy Commissioner (Commercial Taxes)	-
Value added Tax	OVAT- Business Audit 01/10/15-30/06/17	2.36	0.13	FY 2015-16 FY 2016-17 FY 2017-18	Deputy Commissioner (Commercial Taxes)	-
Value added Tax	WBVAT- West Bengal	4.78	-	FY 2016-17	Deputy Commissioner (Commercial Taxes)	-
Value added Tax	UPVAT- Uttar Pradesh	71.15	-	FY 2014-15	Deputy Commissioner (Commercial Taxes)	-
Value added Tax	GJVAT- Gujarat	11.21	-	FY 2014-15	Deputy Commissioner (Commercial Taxes)	-
Central Sales Tax	GJCST- Gujarat	2.95	-	FY 2014-15	Deputy Commissioner (Commercial Taxes)	-
Value added Tax	MVAT - Maharashtra (17-18)	73.01	-	FY 2017-18	Deputy Commissioner (Commercial Taxes)	-
Value added Tax	MVAT - Maharashtra (TRAN -1)	566.55	31.47	FY 2017-18	Deputy Commissioner (Commercial Taxes)	-
Goods and Service Tax	GST- Maharashtra	2.12	-	FY 2017-18	Joint Commissioner (Revisional Authority)	-
Goods and Service Tax	GST- Gujarat	385.00	-	FY 2019-20	Joint Commissioner (Revisional Authority)	-

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

Annexure I (Contd)

- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- (e) The Company did not have any subsidiary or joint venture during the year. Further, according to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associates.
- (f) The Company did not have any subsidiary or joint venture during the year. Further, according to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its associates.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit except for misappropriation of assets of the Company by its employees or by the customers of the Company identified by the management during the year, involving amounts aggregating to 9,840 lakhs as mentioned in Note 51 of the accompanying financial statements. The Company has initiated necessary action against the employees connected to such instances including termination of their employment contracts and recovery of the amounts.
- (b) No report under Section 143 (12) of the Act has been filed by us, for the period under audit, in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

Annexure I (Contd)

- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv)
- (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.
- (b) According to the information and explanations given to us, the Company has conducted Non-Banking Financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934. Further, Company has not conducted any Housing Finance activities and is not required to obtain CoR for such activities from the RBI.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has five CICs which are registered with the Reserve Bank of India and one CIC which is not required to be registered with the Reserve Bank of India as part of the Group.
- (xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.
- (xviii) There has been resignation of the statutory auditors during the year in view of their ineligibility to continue as Statutory Auditors of the Company, upon the completion of the stipulated tenure as per the said RBI Guidelines and based on the information and explanations given to us by the management and the response to our communication with the outgoing auditors, there have been no issues, objections or concerns raised by the outgoing auditors.

Annexure I (Contd)

- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.
- (xxi) The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

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

Khushroo B. Panthaky
Partner
Membership No:042423

UDIN:22042423AHMICI9577

Place: Mumbai
Date: 21 April 2022

Sanjay Khemani
Partner
Membership No:044577

UDIN:22044577AHMMTF5780

Place: Mumbai
Date: 21 April 2022

Annexure II to the Independent Auditor's Report of even date to the members of Tata capital Financial Services Limited on the standalone financial statements for the year ended 31 March 2022

Independent Auditor's 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 ('the Act')

(Referred to in paragraph 1(A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. In conjunction with our audit of the standalone financial statements of **Tata Capital Financial Services Limited** ('the Company') as at and for the year ended **31 March 2022**, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). 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 the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Annexure II (Contd)

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

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

Khushroo B. Panthaky
Partner
Membership No:042423

Sanjay Khemani
Partner
Membership No:044577

UDIN:22042423AHMICI9577

UDIN:22044577AHMMTF5780

Place: Mumbai
Date: 21 April 2022

Place: Mumbai
Date: 21 April 2022

Tata Capital Financial Services Limited

Standalone Balance Sheet

as at March 31, 2022

(Rs. in lakh)

Particulars	Note	As at March 31, 2022 (Audited)	As at March 31, 2021 (Audited)
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	1,11,722	1,00,316
(b) Bank balances other than (a) above	4	178	109
(c) Derivative financial instruments	6	987	-
(d) Receivables			
(i) Trade receivables	5	926	1,962
(ii) Other receivables		-	-
(e) Loans	7	53,80,979	42,83,828
(f) Investments	8	2,67,416	1,30,906
(g) Other financial assets	9	30,209	62,333
Total financial assets		57,92,417	45,79,454
(2) Non-financial assets			
(a) Current tax assets (net)	12(i)	11,932	11,551
(b) Deferred tax assets (net)	12(ii)	65,690	56,698
(c) Property, plant and equipment	10	46,996	67,532
(d) Capital work-in-progress	10(i)	22	-
(e) Intangible assets under development	10(ii)	569	633
(f) Other intangible assets	10	1,867	2,018
(g) Right of use assets	39	7,801	7,294
(h) Other non-financial assets	11	19,090	16,377
Total non-financial assets		1,53,967	1,62,103
Total Assets		59,46,384	47,41,557
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial instruments	6	28,987	18,222
(b) Payables			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	13(ii)	68	81
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13(i)	84,411	64,047
(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	22,90,671	20,05,053
(d) Borrowings (other than debt securities)	15	21,85,506	14,63,342
(e) Subordinated liabilities	16	4,32,060	3,55,532
(f) Lease liabilities	39	8,511	8,092
(g) Other financial liabilities	17	1,00,810	1,21,047
Total financial liabilities		51,31,024	40,35,416
(2) Non-Financial liabilities			
(a) Current tax liabilities (net)	18	26,719	20,316
(b) Provisions	19	3,365	2,543
(c) Other non-financial liabilities	20	9,002	9,748
Total non-financial liabilities		39,086	32,607
(3) Equity			
(a) Equity share capital	21	1,65,987	1,62,993
(b) Other equity	22	6,10,287	5,10,541
Total equity		7,76,274	6,73,534
Total Liabilities and Equity		59,46,384	47,41,557
Significant accounting policies	2		
See accompanying notes forming part of the financial statements	3-67		

In terms of our report of even date
For Walker Chandio & Co LLP
Chartered Accountants

Firm's Registration No: 001076N/N500013

In terms of our report of even date
For M M Nissim & Co LLP
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Firm's Registration No: 107122W/W100672

For and on behalf of the Board of Directors

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Partner
Membership No: 042423

Mumbai
April 21, 2022

Sanjay Khemani
Partner
Membership No: 044577

Mumbai
April 21, 2022

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(Chairman)
(DIN No. : 00057333)

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(DIN No. : 08733676)

Mumbai
April 21, 2022

Jaykumar Shah
(Chief Financial Officer)

Mumbai
April 21, 2022

Sonali Punekar
(Company Secretary)

Mumbai
April 21, 2022

Tata Capital Financial Services Limited

Standalone Statement of Profit and Loss

for the year ended March 31, 2022

(Rs. in lakh)

Particulars	Note	For the year ended	For the year ended
		March 31, 2022	March 31, 2021
		(Audited)	(Audited)
I Revenue from operations			
(i) Interest income	23	5,65,696	5,25,499
(ii) Dividend income	24	73	1
(iii) Rental income	25	30,660	38,140
(iv) Fees and commission income	26	13,282	9,407
(v) Net gain on fair value changes	27	10,911	18,624
(vi) Net gain on derecognition of investment measured at cost		-	534
Total Revenue from operations		6,20,622	5,92,205
II Other income	28	8,098	7,252
III Total Income (I+II)		6,28,720	5,99,457
IV Expenses			
(i) Finance costs	29	2,83,300	2,89,885
(ii) Impairment of financial instruments	31	88,950	1,01,294
(iii) Employee benefit expenses	30	55,064	43,811
(iv) Depreciation, amortisation and impairment	10	25,982	31,974
(v) Other expenses	32	67,403	49,989
Total expenses (IV)		5,20,699	5,16,953
V Profit before exceptional items and tax (III-IV)		1,08,021	82,504
VI Exceptional Items		-	-
VII Profit before tax (V-VI)		1,08,021	82,504
VIII Tax expense			
(1) Current tax	12(i)	36,245	20,240
(2) Deferred tax	12(ii)	(9,943)	(5,435)
Total tax expense		26,302	14,805
IX Profit for the year (VII-VIII)		81,719	67,699
X Other Comprehensive Income			
(i) Items that will be reclassified subsequently to statement of profit and loss			
(a) Fair value (loss)/gain on financial assets carried at Fair Value Through Other Comprehensive Income (FVTOCI)		(238)	161
(b) Income tax relating to fair value gain/(loss) on financial assets carried at FVTOCI		93	(41)
(c) The effective portion of gain/(loss) on hedging instruments in a cash flow hedge		4,142	(2,047)
(d) Income tax relating to the effective portion of (loss)/gain on hedging instruments in a cash flow hedge		(1,042)	515
(ii) Items that will not be reclassified subsequently to statement of profit and loss			
(a) Remeasurement of defined employee benefit plans		(308)	804
(b) Income tax relating to the remeasurement of defined employee benefit plans		78	(202)
Total Other Comprehensive Income		2,725	(810)
XI Total Comprehensive Income for the year (IX+X)		84,444	66,889
XII Earnings per equity share (Face value : Rs. 10 per share) :			
(1) Basic (Rupees)		5.01	4.15
(2) Diluted (Rupees)		5.01	4.15

Significant accounting policies

See accompanying notes forming part of the financial statements

2

3-67

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(Company Secretary)
Mumbai
April 21, 2022

Tata Capital Financial Services Limited

Standalone Statement of Cash Flow

for the year ended March 31, 2022

(Rs. in lakh)

Particulars	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
		(Audited)	(Audited)
1 CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		1,08,021	82,504
Adjustments for :			
Depreciation, amortisation and impairment		25,982	31,974
Net (gain) / loss on derecognition of property, plant and equipment		(745)	157
Net gain on modification/derecognition of right-of-use assets		(169)	(111)
Finance cost		2,83,300	2,89,885
Interest income		(5,65,696)	(5,25,499)
Dividend Income		(73)	(1)
Net gain on fair value changes			
- Realised		(9,249)	(11,030)
- Unrealised		(1,662)	(7,594)
Net gain on derecognition of investment measured at cost		-	(534)
Share based payments		415	303
Provision for leave encashment		86	(106)
Impairment loss allowance on loans		88,971	1,01,282
Provision against trade receivables		(26)	12
Provision against assets held for sale		(1)	(466)
Operating Profit/(Loss) before working capital changes and adjustments for interest received, interest paid and dividend received		(70,846)	(39,224)
Adjustments for :			
Decrease in trade receivables		1,062	2,086
Increase in trade payables		20,351	13,009
Increase in loans		(11,60,604)	(1,25,376)
Decrease/(Increase) in other financial assets		32,561	(12,139)
(Increase)/Decrease in other non financial assets		(5,650)	4,489
Increase in other financial liabilities		(23,223)	39,416
(Decrease)/Increase in other non financial liabilities		(944)	2,834
Cash used in operations before adjustments for interest received, interest paid and dividend received		(12,07,293)	(1,14,905)
Interest paid		(2,74,600)	(2,62,702)
Interest received		5,37,638	5,22,014
Dividend received		73	1
Cash (used in)/generated from operations		(9,44,181)	1,44,407
Taxes paid		(30,143)	(6,718)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES (A)		(9,74,324)	1,37,689
2 CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (including capital advances)		(1,838)	(5,524)
Proceeds from sale of property, plant and equipment		6,295	5,517
Purchase of investments		(5,22,930)	(1,29,356)
Purchase of mutual fund units		(1,64,00,180)	(8,67,96,959)
Proceeds from redemption of mutual fund units		1,63,43,194	8,68,02,074
Proceeds from sale of investments		4,56,622	32,581
Fixed deposits placed		(5)	-
NET CASH USED IN INVESTING ACTIVITIES (B)		(1,18,842)	(91,667)
3 CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Equity Shares		30,000	-
Debenture issue / loan processing expenses		(1,739)	(1,349)
Interim dividend paid on equity shares		(12,061)	(14,995)
Proceeds from borrowings (other than debt securities)		33,33,249	19,76,211
Proceeds from debt securities		52,64,908	26,36,650
Proceeds from subordinated liabilities		75,000	47,408
Repayment of borrowings (other than debt securities)		(26,08,752)	(22,04,300)
Repayment of debt securities		(49,71,966)	(25,40,243)
Repayment of subordinated liabilities		(485)	(165)
Repayment of lease liabilities		(3,582)	(3,389)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES (C)		11,04,572	(1,04,172)

TATA Capital Financial Services Limited

Standalone Cash Flow Statement (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

Particulars	<i>Note</i>	For the year ended March 31, 2022	For the year ended March 31, 2021
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		11,406	(58,150)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		1,00,316	1,58,466
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		1,11,722	1,00,316

Significant accounting policies

2

See accompanying notes forming part of the financial statements

3-67

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Chartered Accountants

In terms of our report of even date
For **M M Nissim & Co LLP**
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(Company Secretary)

(DIN No. : 06702919)

Mumbai

April 21, 2022

Tata Capital Financial Services Limited

Statement of Changes in Equity

for the year ended March 31, 2022

(Rs. in lakh)

a. Equity share capital

Particulars	Rs. in Lakh
Balance as at April 1, 2020	1,62,993
Changes in equity share capital due to prior period errors	-
Restated balance as at April 1, 2020	1,62,993
Changes in equity share capital during the year	-
Balance as at March 31, 2021	1,62,993
Balance as at April 1, 2021	1,62,993
Changes in equity share capital due to prior period errors	-
Restated balance as at April 1, 2021	1,62,993
Changes in equity share capital during the year	2,994
Balance at March 31, 2022	1,65,987

b. Other equity

Particulars	Reserves and surplus					Item of other comprehensive income				Total other equity
	Securities premium	Debt 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, 2020	3,34,897	30,000	51,073	42,473	856	495	(587)	(889)	25	4,58,343
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2020	3,34,897	30,000	51,073	42,473	856	495	(587)	(889)	25	4,58,343
Profit for the year	-	-	-	67,699	-	-	-	-	-	67,699
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	(1,531)	602	120	(809)
Total comprehensive income for the year	-	-	-	67,699	-	-	(1,531)	602	120	66,890
Transfer to stock reserve - equity settled options	-	-	-	-	328	(328)	-	-	-	-
Share based payment expense	-	-	-	-	-	303	-	-	-	303
Interim Dividend on equity shares	-	-	-	(14,995)	-	-	-	-	-	(14,995)
Transfer to Special Reserve Account	-	-	13,540	(13,540)	-	-	-	-	-	-
Balance at March 31, 2021	3,34,897	30,000	64,613	81,637	1,184	470	(2,118)	(287)	145	5,10,541
Balance at April 1, 2021	3,34,897	30,000	64,613	81,637	1,184	470	(2,118)	(287)	145	5,10,541
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2021	3,34,897	30,000	64,613	81,637	1,184	470	(2,118)	(287)	145	5,10,541
Profit for the year	-	-	-	81,719	-	-	-	-	-	81,719
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	3,100	(230)	(145)	2,725
Total comprehensive income for the year	-	-	-	81,719	-	-	3,100	(230)	(145)	84,444
Transfer to stock reserve - equity settled options	-	-	-	-	126	(126)	-	-	-	-
Share based payment expense	-	-	-	-	-	357	-	-	-	357
Premium on issue of Equity Shares	27,006	-	-	-	-	-	-	-	-	27,006
Interim Dividend on equity shares	-	-	-	(12,061)	-	-	-	-	-	(12,061)
Transfer to Special Reserve Account	-	-	16,344	(16,344)	-	-	-	-	-	-
Balance at March 31, 2022	3,61,903	30,000	80,957	1,34,951	1,310	701	982	(517)	-	6,10,287

Significant accounting policies
See accompanying notes forming part of the financial statements

2
3-67

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Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements

as at March 31, 2022

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 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") (as amended), other relevant provisions of the Act, guidelines issued by the Reserve Bank of India as applicable to an NBFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS required a change in the accounting policy hitherto in use. The financial statements were authorised for issue by the Board of Directors (BOD) on April 21, 2022.

ii. Presentation of financial statements

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

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

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

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

Tata Capital Financial Services Limited

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

as at March 31, 2022

iii. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of entering into the transaction.

iv. Measurement of fair values:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

Items	Measurement basis
Certain financial assets and liabilities (including derivatives instruments)	Fair value
Net defined benefit (asset)/liability	Fair value of planned assets less present value of defined benefit obligations
Property plant and equipment	Value in use under Ind AS 36

Fair values are categorized into different levels (Level 1, Level 2 or Level 3) in a fair value hierarchy based on the inputs used in the valuation techniques. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The levels are described as follows:

- a. Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date

Tata Capital Financial Services Limited

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

as at March 31, 2022

- 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, 2022 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
- 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.

Tata Capital Financial Services Limited

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

as at March 31, 2022

- Note 34 – 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.

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 is 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.

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

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

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:

Tata Capital Financial Services Limited

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

as at March 31, 2022

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

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

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

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

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

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

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

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

viii. Dividend income

Income from dividend on investment in equity shares 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.

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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.

The Company presents right-of-use assets and lease liabilities separately on the face of the Balance sheet. Lease payments (including interest) have been classified as financing cashflows.

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 to the end of the lease term. 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

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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.

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 liability.

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

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

xi. **Financial Instruments**

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

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

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recognition, except if and in the period the Company changes its business model for managing financial assets.

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made an investment – by – investment basis.

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

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

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of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

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

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

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss. The transaction costs and fees are also recorded related to these instruments in the statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit or loss.

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

Reclassifications within classes of financial assets

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

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

Impairment of Financial Asset

Impairment approach

Overview of the Expected Credit Losses (ECL) principles

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 35A.

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.

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

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

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

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

Stage 3: Loans considered credit-impaired. A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Further if the customer has requested forbearance in repayment terms, such restructured, rescheduled or renegotiated accounts are also classified as Stage 3. Non-payment on another obligation of the same customer is also considered as a stage 3. Defaulted accounts include customers reported as fraud in the FRMC. Once an account defaults as a result of the DPD condition, it will be considered to be cured only when entire arrears of interest and principal are paid by the borrower. 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

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

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

The Measurement of ECLs

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

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

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

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

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

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

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

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

The mechanics of the ECL method are summarised below:

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

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

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

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

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

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

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

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

Presentation of ECL allowance for financial asset:

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

Modification and De-recognition of financial assets

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract. Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- 1) the rights to receive cash flows from the asset have expired, or
- 2) the Company has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of ownership of the asset, or the Company has neither transferred nor

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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

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

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own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Classification

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

De-recognition of financial liabilities

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

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

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

Compound instruments

The Company has issued financial instruments with equity conversion rights and call options. When establishing the accounting treatment for these non-derivative instruments, the Company first establishes whether the instrument is a compound instrument and classifies such instrument's components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component. Once the Company has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be separately accounted for. Subsequently the liability is measured as per requirement of IND AS 109.

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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 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

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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

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.

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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 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.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

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
Computer Equipment	Owned: 3 to 4 years
Office Equipment	Owned: 5 years
Vehicles	Owned: 4 years
Software Licenses	Owned: 1 to 10 years
Buildings	25 years
Plant & Machinery	Owned: 10 years

In case of leased assets, useful life is considered as per the lease period.

f) Investment property

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

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

g) Impairment of assets:

Upon an observed trigger or at the end of each accounting reporting period, the Company reviews the carrying amounts of its PPE, investment property and intangible asset to determine whether there is any indication that the asset have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Tata Capital Financial Services Limited

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

as at March 31, 2022

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss.

xiii. Non-Current Assets held for sale:

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

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

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

xiv. Employee Benefits

Defined Contribution benefits include superannuation fund .

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

Tata Capital Financial Services Limited

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

as at March 31, 2022

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, 2022.

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.

Tata Capital Financial Services Limited

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

as at March 31, 2022

Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long term service awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

The obligation is measured on the basis of actuarial valuation using Projected unit credit method and remeasurements gains/ losses are recognised in P&L in the period in which they arise.

Share based payment transaction

The stock options of the Parent Company, granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date as per Black and Scholes model. The fair value of the options is treated as discount and accounted as employee compensation cost, with a corresponding increase in other equity, over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense, with a corresponding increase in other equity, in respect of such grant is transferred to the General reserve within other equity.

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 Managing Director along with the Board of Directors in the operating segment. Operating segment disclosures are consistent with the information reviewed by the CODM.

Tata Capital Financial Services Limited

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

as at March 31, 2022

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" 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/expense 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

Tata Capital Financial Services Limited

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

as at March 31, 2022

tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax law) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

Tata Capital Financial Services Limited

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

as at March 31, 2022

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

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

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.

Tata Capital Financial Services Limited

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

as at March 31, 2022

The dividend payable is recognised as a liability with a corresponding amount recognised directly in equity.

xxv. Recent amendments :

The following amendments to standards have been issued and will be effective from April 01, 2022. The Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

- Indian Accounting Standard (Ind AS) 103 – Business Combinations – Qualifications prescribed for recognition of the identifiable assets acquired and liabilities assumed, as part of applying the acquisition method – should meet the definition of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the ICAI at the acquisition date. Modification to the exceptions to recognition principle relating to contingent liabilities and contingent assets acquired in a business combination at the acquisition date.
- Indian Accounting Standard (Ind AS) 109 – Financial Instruments – Modification in accounting treatment of certain costs incurred on derecognition of financial liabilities
- Indian Accounting Standard (Ind AS) 16 - Property, Plant and Equipment – Modification in treatment of excess of net sale proceeds of items produced over the cost of testing as part of cost of an item of property, plant, and equipment.
- Indian Accounting Standard (Ind AS) 37 - Provisions, Contingent Liabilities and Contingent Assets – Modifications in application of recognition and measurement principles relating to onerous contracts

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

3. CASH AND CASH EQUIVALENTS

PARTICULARS	As at March 31, 2022	As at March 31, 2021
(a) Cash on hand	14	12
(b) Balances with banks		
- In current accounts	98,331	99,065
- In deposit accounts	13,006	-
(c) Cheques on hand	371	1,239
Total	1,11,722	1,00,316

Note:

- (i) As at March 31, 2022, the Company had undrawn committed borrowing facilities of Rs. 4,37,500 Lakh (March 31, 2021 : Rs. 4,43,500 Lakh).

4. OTHER BALANCES WITH BANKS

PARTICULARS	As at March 31, 2022	As at March 31, 2021
(a) Balances with banks in current accounts (refer note (i) below)	131	69
(b) Balances with banks in deposit accounts (Refer note (ii) and (iii) below)	47	40
Total	178	109

Note:

- (i) Pertains balance in current account towards unclaimed matured debentures, unclaimed application money 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.
- (iii) Deposits amounting to Rs. 25 lakh (March 31, 2021 : Rs. 25 lakh) pertain to collateral deposits with banks for Aadhaar authentication.

5. TRADE RECEIVABLES

PARTICULARS	As at March 31, 2022	As at March 31, 2021
(i) Receivables considered good - secured	-	-
(ii) Receivables considered good - unsecured	813	1,962
(iii) Receivables which have significant increase in credit risk - unsecured	132	45
(iv) Receivables - credit impaired - unsecured	-	-
	945	2,007
Less: Allowance for impairment loss	19	45
Total	926	1,962

Trade receivables include amounts due from the related parties Rs. 131 lakh (March 31, 2021: Rs. 115 lakh).

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued) as at March 31, 2022

(Rs. in lakh)

5. TRADE RECEIVABLES (Continued)

PARTICULARS	Unbilled Dues	Not Due	As at March 31, 2022				Total
			Less than 6 months	6 months -1 year	1-2 years	2-3 years	
(i) Undisputed Trade receivables – considered good	-	-	797	16	-	-	813
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	57	12	63
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total							945

Note : Ageing of the trade receivables is determined from the date of transaction.

PARTICULARS	Unbilled Dues	Not Due	As at March 31, 2021				Total
			Less than 6 months	6 months -1 year	1-2 years	2-3 years	
(i) Undisputed Trade receivables – considered good	-	-	1,694	119	98	51	1,962
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	13	15	17	45
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total							2,007

Note : Ageing of the trade receivables is determined from the date of transaction.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

6. Derivative financial instruments

As at March 31, 2022

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	176	14,455	2,22,465	-	28,573
Interest rate swap	-	-	-	899	116
Cross currency swap	100	-	75,520	88	298
Total	276	14,455	2,97,985	987	28,987

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	114	14,555	1,79,489	-	15,104
Interest rate swap	-	-	-	-	1,758
Cross currency interest rate swap	50	-	36,615	-	1,304
Interest rate Cap	-	-	-	-	56
Total	164	14,555	2,16,103	-	18,222

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

As at March 31, 2022

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	1,32,873	-	3,746	82.59	(3,746)
INR JPY - Forward exchange contracts	89,592	-	24,826	0.82	(24,826)
INR USD - Currency Swaps	75,520	88	298	76.21	(210)

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)	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	(1,304)

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

6. Derivative financial instruments (Continued)

Hedged item

As at March 31, 2022

(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	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
FCY Term Loans	1,532	(27,652)	-	-

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	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
FCY Term Loans	(1,258)	(17,796)	-	-

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, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Forward exchange contracts and Currency swaps	(9,584)	(13,939)	-	-

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

PARTICULARS	As at March 31, 2022	As at March 31, 2021
Opening Balance	(2,118)	(586)
Effective portion of changes in fair value Currency Swap	1,094	(1,304)
Effective portion of changes in fair value Interest rate risk	2,540	730
Effective portion of changes in fair value Interest rate Cap	56	36
Effective portion of changes in fair value foreign currency risk	(13,468)	(19,977)
Foreign currency translation differences	2,790	7,342
Foreign currency translation differences on interest	(272)	(130)
Amortisation of forward premium	11,402	11,256
Tax on movements on reserves during the year	(1,042)	515
Closing Balance	982	(2,118)

All hedges are 100% effective i.e. there is no ineffectiveness (refer note 36)

6.4 Net investment hedging : Nil

6.5 Undesignated Derivatives : Nil

6.6 Average fixed interest rate:

- Interest rate swap: 1.85%

- Cross currency swap: 6.74%

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

7. LOANS

PARTICULARS	As at March 31, 2022	As at March 31, 2021
LOANS		
(A)		
- Amortised Cost		
(i) Bills purchased and bills discounted	2,37,005	1,18,666
(ii) Loans repayable on demand (refer note 7(h) below)	7,356	6,536
(iii) Term loans	49,50,867	40,75,020
(iv) Credit substitutes (refer note 7(a) below)	2,44,152	1,72,320
(v) Finance lease and hire purchase	1,61,039	92,515
(vi) Retained portion of assigned loans	1,212	1,658
- At Fair Value through Other Comprehensive Income		
- Term loans	-	4,649
- At Fair Value through Profit and Loss		
- Credit substitutes (refer note 7(a) below)	2,519	1,000
Gross Loans	56,04,150	44,72,364
Less : Impairment loss allowance (refer note 7(b) and 7(c) below)		
- Stage I & II	1,12,453	82,941
- Stage III	98,393	94,077
Loans net of impairment loss allowance	53,93,304	42,95,346
Add: Unamortised loan sourcing costs	12,928	8,004
Less : Revenue received in advance	(25,253)	(19,522)
Total (A)	53,80,979	42,83,828
(B)		
(i) Secured by tangible assets (refer note 7(d) below)	37,23,576	30,47,810
(ii) Secured by intangible assets	-	-
(iii) Covered by bank / government guarantees	-	-
(iv) Unsecured (refer note 7(e) below)	18,80,574	14,24,554
Gross Loans	56,04,150	44,72,364
Less : Impairment loss allowance		
- Stage I & II	1,12,453	82,941
- Stage III	98,393	94,077
Loans net of impairment loss allowance	53,93,304	42,95,346
Add: Unamortised loan sourcing costs	12,928	8,004
Less : Revenue received in advance	(25,253)	(19,522)
Total (B)	53,80,979	42,83,828
(C)		
(I) Loans in India		
(i) Public sector	-	-
(ii) Others	56,04,150	44,72,364
Gross Loans	56,04,150	44,72,364
Less : Impairment loss allowance		
- Stage I & II	1,12,453	82,941
- Stage III	98,393	94,077
Loans net of impairment loss allowance	53,93,304	42,95,346
Add: Unamortised loan sourcing costs	12,928	8,004
Less : Revenue received in advance	(25,253)	(19,522)
Total (C) (I)	53,80,979	42,83,828
(II) Loans outside India		
(i) Public sector	-	-
(ii) Others	-	-
Total - Loans outside India	-	-
Total (C) (I + II)	53,80,979	42,83,828

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

7. LOANS (Continued)

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. Nil lakh (March 31, 2021 : Rs. 18 lakh)
7. c. Impairment loss allowance includes impairment loss allowance on loans under fair value through profit and loss Rs. 6 lakh (March 31, 2021 : Rs 4 lakh)
7. d. Loans secured by tangible assets include loans measured at fair value through profit and loss Rs. 1,000 lakh (March 31, 2021 : Rs. Nil) and loans measured at FVTOCI Rs. Nil (March 31, 2021 : Rs. 4,649 lakh)
7. e. Unsecured loans include loans measured at fair value through profit and loss Rs. 1,519 lakh (March 31, 2021 : Rs. 1,000 lakh) and loans measured at FVTOCI Rs. Nil (March 31, 2021 : Rs. Nil)
7. f. Loans to related parties Rs. 1,15,806 lakh (March 31, 2021 : Rs. 61,862 lakh).
7. g. The details of Gross investments and unearned finance income in respect of assets given under finance lease are as under:

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
Gross Investments:		
- Within one year	73,682	37,680
- Later than one year and not later than five years	89,795	51,217
- Later than five years	698	717
Total	1,64,175	89,614
Unearned Finance Income:		
- Within one year	22,084	10,935
- Later than one year and not later than five years	3,754	4,261
- Later than five years	16	25
Total	25,854	15,221
Present Value of Rentals *:		
- Within one year	51,598	26,745
- Later than one year and not later than five years	86,041	46,956
- Later than five years	682	692
Total	1,38,321	74,393

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

7. h. Loans repayable on demand pertains to loan given to TCL employee welfare trust and accounts for 0.13% of total gross loans and advances (March 31, 2021 : 0.15%)

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

8. INVESTMENTS

PARTICULARS	As at March 31, 2022	As at March 31, 2021
Investments in India		
(A) Investments carried at fair value through profit or loss		
Fully paid equity shares (quoted)	7,195	10,980
Fully paid equity shares (unquoted)	4,461	3,689
Mutual funds (quoted)	61,658	1,602
Security receipts	8	90
(B) Investments carried at Amortised Cost		
Investment in Government Securities	1,35,990	21,347
Investment in Treasury Bills	56,244	89,056
	2,65,556	1,26,764
(C) Investments carried at cost		
Associates companies		
Fully paid equity shares (unquoted)	1,860	5,677
Less: Diminution in value of investments	-	1,535
Net Carrying value of investments	1,860	4,142
Total Investments	2,67,416	1,30,906

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, 2022

(Rs. in lakh)

9. OTHER FINANCIAL ASSETS

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
(a) Security deposits	8,004	6,429
(b) Advances recoverable from related parties	173	612
(c) Pass Through Certificate application money (refundable)	-	6,060
(d) Assignment of Negotiable instruments application money (refundable)	10	-
(e) Receivable on sale/redemption of investment	176	162
Less : Provision for receivable on sale/redemption of investment	(162)	(162)
Net receivable on sale/redemption of investment	14	-
(f) Income accrued but not due	7,090	8,113
(g) Advances to employees	43	73
(h) Receivable under letter of credit/buyer's credit facility	12,680	37,255
Less : Provision for letter of credit/buyer's credit facility	99	149
Net receivable under letter of credit/buyer's credit facility	12,581	37,106
(i) Receivable from Government of India towards ex-gratia	-	2,377
(j) Other receivables	2,294	1,563
Total	30,209	62,333

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

10. PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block				Accumulated depreciation and amortisation					Net Carrying Value	
	Opening balance as at April 1, 2021	Additions/ Adjustments	Deletions	Written off during the year	Closing balance as at March 31, 2022	Opening balance as at April 1, 2021	Depreciation/ Amortisation for the year**	Deletions/ Adjustments	Closing balance as at March 31, 2022	As at March 31, 2022	
TANGIBLE ASSETS											
Buildings #	3,677	-	-	-	3,677	799	200	-	999	2,678	
	3,677	-	-	-	3,677	600	200	-	799	2,878	
Leasehold Improvements	2,354	415	30	-	2,740	1,479	263	20	1,722	1,018	
	2,436	102	106	78	2,354	1,292	305	117	1,479	875	
Furniture & Fixtures	713	104	27	17	773	396	113	24	485	288	
	887	17	24	168	713	420	86	109	396	316	
Computer Equipment	4,854	1,416	-	-	6,270	3,426	956	0	4,382	1,888	
	4,520	366	28	3	4,854	2,429	1,026	29	3,426	1,428	
Office Equipment	1,116	190	18	0	1,287	785	189	12	962	326	
	1,288	47	43	175	1,116	688	238	141	785	331	
Plant & Machinery	199	-	0	-	198	136	25	0	161	37	
	233	0	7	28	199	126	34	24	136	63	
Vehicles	559	561	77	10	1,032	191	190	29	352	680	
	570	261	272	-	559	255	138	202	191	368	
ASSETS GIVEN UNDER OPERATING LEASE/RENTAL											
Construction Equipment	10,097	-	1,480	51	8,566	7,164	971	1,266	6,869	1,697	
	15,684	-	5,587	-	10,097	7,404	2,511	2,751	7,164	2,933	
Vehicles	3,991	-	114	-	3,877	2,525	320	87	2,758	1,119	
	3,936	1,341	1,271	15	3,991	2,851	396	723	2,525	1,466	
Plant & Machinery	78,875	1,311	10,193	-	69,993	40,103	10,356	9,039	41,420	28,573	
	76,490	8,462	6,077	-	78,875	32,139	12,852	4,888	40,103	38,771	
Computer Equipment	28,297	242	5,701	97	22,741	16,043	5,129	4,951	16,220	6,521	
	26,508	5,715	3,926	-	28,297	13,191	6,224	3,372	16,043	12,254	
Furniture & Fixtures	931	-	542	-	389	713	98	495	315	74	
	1,310	-	379	-	931	767	254	308	713	219	
Office Equipments	2,755	-	147	122	2,485	1,954	529	244	2,239	246	
	2,856	-	102	-	2,755	1,322	697	65	1,954	800	
Railway Wagons	15,010	-	-	-	15,010	10,832	2,572	-	13,404	1,606	
	15,010	-	-	-	15,010	8,081	2,750	-	10,832	4,178	
Electrical Installation & Equipments	2,077	-	1,092	-	985	1,426	185	869	742	243	
	2,051	37	12	-	2,077	970	462	6	1,426	651	
TANGIBLE ASSETS - TOTAL	1,55,505	4,239	19,420	298	1,40,025	87,971	22,096	17,038	93,029	46,996	
	1,57,457	16,346	17,833	467	1,55,504	72,535	28,172	12,735	87,971	67,532	

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(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, 2021	Additions/ Adjustments	Deletions	Written off during the year	Closing balance as at March 31, 2022	Opening balance as at April 1, 2021	Depreciation/ Amortisation for the year	Deletions/ Adjustments	Closing balance as at March 31, 2022	As at March 31, 2022
INTANGIBLE ASSETS (other than internally generated)										
Software	4,131	578	-	-	4,709	2,114	729	-	2,842	1,867
	<i>3,546</i>	<i>586</i>	<i>0</i>	<i>-</i>	<i>4,131</i>	<i>1,510</i>	<i>604</i>	<i>0</i>	<i>2,114</i>	<i>2,018</i>
INTANGIBLE ASSETS - TOTAL	4,131	578	-	-	4,709	2,114	729	-	2,842	1,867
	<i>3,546</i>	<i>586</i>	<i>0</i>	<i>-</i>	<i>4,131</i>	<i>1,510</i>	<i>604</i>	<i>0</i>	<i>2,114</i>	<i>2,018</i>
Total	1,59,636	4,817	19,420	298	1,44,734	90,085	22,824	17,038	95,872	48,862
	<i>1,61,002</i>	<i>16,932</i>	<i>17,833</i>	<i>467</i>	<i>1,59,635</i>	<i>74,044</i>	<i>28,776</i>	<i>12,736</i>	<i>90,085</i>	<i>69,550</i>

Figures in italics relate to March 31, 2021

Immovable property having net carrying value amounting to Rs. 19 lakh is hypothecated against borrowings, refer notes 14.1 and 36(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 period ended is Rs. 3,158 lakh (March 31, 2021 : Rs. 3,198 lakh)

The Company confirms that, the title deeds of immovable properties are held in the name of the company.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

10(i) CAPITAL WORK IN PROGRESS

As at March 31, 2022

PARTICULARS	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	22	-	-	-	22
(ii) Projects temporarily suspended	-	-	-	-	-
Total					22

CWIP completion schedule

PARTICULARS	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	22	-	-	-	22
(ii) Projects temporarily suspended	-	-	-	-	-
Total					22

As at March 31, 2021

PARTICULARS	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	-	-	-	-	-
(ii) Projects temporarily suspended	-	-	-	-	-
Total					-

CWIP completion schedule

PARTICULARS	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	-	-	-	-	-
(ii) Projects temporarily suspended	-	-	-	-	-
Total					-

10(ii) INTANGIBLE ASSETS UNDER DEVELOPMENT

As at March 31, 2022

PARTICULARS	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	322	240	7	-	569
(ii) Projects temporarily suspended	-	-	-	-	-
Total					569

CWIP completion schedule

PARTICULARS	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	569	-	-	-	569
(ii) Projects temporarily suspended	-	-	-	-	-
Total					569

As at March 31, 2021

PARTICULARS	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	623	11	-	-	633
(ii) Projects temporarily suspended	-	-	-	-	-
Total					633

CWIP completion schedule

PARTICULARS	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	385	248	-	-	633
(ii) Projects temporarily suspended	-	-	-	-	-
Total					633

- 10(ii) 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, 2022	March 31, 2021
- Within one year	19,466	28,842
- Later than one year and not later than five years	22,720	39,900
- Later than five years	2,194	1,659

Accumulated Depreciation on lease assets is Rs. 83,967 lakh (Year ended March, 31, 2021 : Rs. 80,760 lakh).
Accumulated Impairment losses on the leased assets Rs. Nil (Year ended March, 31, 2021 Rs. Nil)

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

11. OTHER NON-FINANCIAL ASSETS

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
(a) Capital advances	100	3,037
(b) Prepaid expenses	1,089	1,089
(c) Gratuity asset (Net)	-	436
(d) Balances with government authorities	17,183	11,211
(e) Assets held-for-sale	3,055	3,056
Less : Provision on assets held-for-sale	3,055	3,056
Net asset held-for-sale	-	-
(f) Other advances	718	604
Total	19,090	16,377

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

12. (i) INCOME TAXES

CURRENT TAX ASSET (NET)

PARTICULARS	As at March 31, 2022	As at March 31, 2021
Advance tax and tax deducted at source (net of provision for tax Rs. 91,304 lakh (March 31, 2021 : Rs. 70,861))	11,932	11,551
Total	11,932	11,551

A The income tax expense consist of the following:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax:		
Current tax expense for the year	36,638	20,240
Current tax benefit pertaining to prior years	(393)	-
	<u>36,245</u>	<u>20,240</u>
Deferred tax (benefit)/charge		
Origination and reversal of temporary differences	(9,943)	(5,435)
Change in tax rates	-	-
	<u>(9,943)</u>	<u>(5,435)</u>
Total income tax expense recognised in the year	26,302	14,805

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, 2022	For the year ended March 31, 2021
Profit before income taxes	1,08,021	82,504
Indian statutory income tax rate	25.168%	25.168%
Expected income tax expense	27,187	20,765
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	-	-
Non deductible expenses	97	377
Tax on income at different rates	(817)	-
Tax pertaining to prior years	(54)	-
Recognition of previously unrecognized tax lossess	(111)	-
Provision for loss disallowed in earlier years, allowed on realization in the current year	-	(3,604)
Income not taxable	-	(2,945)
Current year capital loss on which no deferred tax is created	-	212
Total income tax expense	26,302	14,805

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, 2022

(Rs. in lakh)

12. (i) INCOME TAXES

B. Amounts recognised in OCI

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	(308)	78	(230)	804	(202)	602
Items that are or may be reclassified subsequently to profit or loss						
Fair value gain on Financial Assets carried at FVTOCI	(238)	93	(145)	161	(41)	120
The effective portion of gains and loss on hedging instruments in a cash flow hedge	4,142	(1,042)	3,100	(2,047)	515	(1,532)
Total	3,596	(871)	2,725	(1,082)	272	(810)

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

12. (ii) DEFERRED TAX ASSET

The major components of deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

Particulars	Opening Balance	Recognised / (reversed) through profit and loss	Change in Tax Rate	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
Deferred Tax Assets :-						
(a) Impairment loss allowance - Stage III	22,602	203	-	-	-	22,805
(b) Impairment loss allowance - Stage I & II	21,180	7,543	-	-	-	28,723
(c) Employee benefits	349	22	-	-	-	371
(d) Deferred income	4,888	741	-	-	-	5,629
(e) Other deferred tax assets	1,615	(6)	-	-	-	1,609
(f) Depreciation on property, plant, equipment & intangibles	6,364	1,343	-	-	-	7,707
(g) Right to use asset	652	25	-	-	-	677
(h) Cash flow hedge	712	-	-	-	(1,042)	(330)
Deferred Tax Liabilities :-						
(a) Debenture issue expenses	(1,108)	214	-	-	-	(894)
(b) Investments measured at fair value	(496)	(111)	-	-	-	(607)
(c) Loans measured at FVTOCI	(60)	(33)	-	-	93	-
Net Deferred Tax Asset	56,698	9,943	-	-	(949)	65,690

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

Particulars	Opening Balance	Recognised / reversed through profit and loss	Change in Tax Rate	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
Deferred Tax Assets :-						
(a) Impairment loss allowance - Stage III	19,765	2,837	-	-	-	22,602
(b) Impairment loss allowance - Stage I & II	18,974	2,206	-	-	-	21,180
(c) Employee benefits	376	(27)	-	-	-	349
(d) Deferred income	6,193	(1,305)	-	-	-	4,888
(e) Other deferred tax assets	1,729	(114)	-	-	-	1,615
(f) Depreciation on property, plant, equipment & intangibles	4,656	1,708	-	-	-	6,364
(g) Right to use asset	542	110	-	-	-	652
(h) Cash flow hedge	197	-	-	-	515	712
Deferred Tax Liabilities :-						
(a) Debenture issue expenses	(1,563)	455	-	-	-	(1,108)
(b) Investments measured at fair value	(62)	(434)	-	-	-	(496)
(c) Loans measured at FVTOCI	(19)	-	-	-	(41)	(60)
Net Deferred Tax Asset	50,788	5,435	-	-	474	56,698

Gross deferred tax assets and liabilities are as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred Tax Assets :-		
(a) Impairment loss allowance - Stage III	22,805	22,602
(b) Impairment loss allowance - Stage I & II	28,723	21,180
(d) Employee benefits	371	349
(e) Deferred income	5,629	4,888
(f) Other deferred tax assets	1,609	1,615
(g) Depreciation on property, plant & equipment	7,707	6,364
(h) Right to use asset	677	652
(i) OCI - cash flow hedge	(330)	712
Deferred Tax Liabilities :-		
(a) Debenture issue expenses	(894)	(1,108)
(c) Fair value of investments	(607)	(496)
(d) Loans measured at FVTOCI	-	(60)
Net Deferred Tax Asset	65,690	56,698

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(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, 2022	March 31, 2021
(i) Accrued expenses	36,501	32,219
(ii) Payable to related parties	-	-
(iii) Payable to dealers/vendors/customer	47,240	31,409
(iv) Others	670	419
Total	84,411	64,047

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, 2022	March 31, 2021
(a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	63	81
(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;	5	-
(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	-	-
Total	68	81

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

13. TRADE PAYABLES (Continued)

PARTICULARS	As at March 31, 2022						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	68	-	-	-	68
(ii) Others	36,597	35,217	10,982	846	179	590	84,411
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total							84,479

Note : Ageing of the trade payables is determined from the date of transaction.

PARTICULARS	As at March 31, 2021						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	81	-	-	-	81
(ii) Others	32,387	22,271	8,859	3	102	427	64,047
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total							64,128

Note : Ageing of the trade payables is determined from the date of transaction.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

14. DEBT SECURITIES

PARTICULARS	As at March 31, 2022	As at March 31, 2021
DEBT SECURITIES In India		
At amortised cost		
Secured		
Privately Placed Non-Convertible Debentures (Refer note 14.1 below) [Net of unamortised discount of Rs. 3,731 lakh (March 31, 2021 : 5 lakh) and premium of Rs. 772 lakh (March 31, 2021 : Rs. 1,637 lakh)]	14,10,983	11,22,071
Public issue of Non-Convertible Debentures (Refer notes 14.2 below)	3,66,419	5,18,915
Unsecured		
(i) Privately Placed Non-Convertible Debentures	77,347	55,484
(ii) Commercial paper (Refer note 14.3 below) [Net of unamortised discount of Rs. 10,868 lakh (March 31, 2021 : Rs. 5,913 lakh) and ancilliary borrowing cost of Rs. 10 lakh (March 31, 2021 : 4 lakh)]	4,35,922	3,08,583
DEBT SECURITIES Outside India	-	-
Total	22,90,671	20,05,053

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 4.25 % to 5.20% (March 31, 2021 : 3.55 % to 5.90%) and are repayable at maturity ranging between 7 days and 365 days from the date of respective commercial paper.
- 14.4. Of the above Public issue of Non-Convertible Debentures amounting to face value of Rs 670 lakh (March 31, 2021 : Rs 670 lakh) are held by related parties.
- 14.5. Of the above Privately placed issue of Secured Non-Convertible Debentures amounting to face value of Rs. 500 lakh (March 31, 2021 : Rs. Nil) and Unsecured Non-Convertible Debentures amounting to face value of Rs. 49,000 lakh (March 31, 2021 : Rs. 29,400 lakh) are held by related parties.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

14.6. Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2022

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2022*		As at March 31, 2021*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL Market Linked 'A' 2018-19 Tranche-II	27-Feb-19	14-Apr-21	-	-	1,175	11,750
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 1	12-Mar-19	14-Apr-21	-	-	385	3,850
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 2	29-Mar-19	14-Apr-21	-	-	260	2,600
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 3	26-Apr-19	14-Apr-21	-	-	60	600
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 4	07-Jun-19	14-Apr-21	-	-	425	4,250
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 5	28-Jun-19	14-Apr-21	-	-	100	1,000
TCFSL Market Linked 'A' 2018-19 Tranche-II Reissuance 6	13-Sep-19	14-Apr-21	-	-	465	4,650
TCFSL NCD 'G' FY 2016-17	30-May-16	28-May-21	-	-	500	5,000
TCFSL NCD "E" FY 2019-20 Option - II	04-Jun-19	04-Jun-21	-	-	1,080	10,800
TCFSL Market Link NCD "A" FY 2019-20	02-Aug-19	02-Aug-21	-	-	344	3,440
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 NCD 'G' FY 2019-20	27-Sep-19	13-Sep-21	-	-	500	5,000
TCFSL NCD 'E' FY 2018-19	26-Oct-18	26-Oct-21	-	-	3,262	32,620
TCFSL NCD "AG" FY 2016-17	28-Dec-16	28-Dec-21	-	-	2,720	27,200
TCFSL NCD 'E' FY 2020-21	25-Jun-20	28-Dec-21	-	-	1,850	18,500
TCFSL NCD "K" FY 2017-18	16-Aug-17	14-Jan-22	-	-	750	7,500
TCFSL NCD "M" FY 2018-19	21-Feb-19	21-Feb-22	-	-	500	5,000
TCFSL NCD "I" FY 2017-18	20-Jul-17	28-Feb-22	-	-	750	7,500
TCFSL NCD "N" FY 2018-19 - Option II	27-Mar-19	25-Mar-22	-	-	2,825	28,250
TCFSL NCD "AL" FY 2016-17	31-Mar-17	31-Mar-22	-	-	400	4,000
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 Premi	23-Jan-19	08-Apr-22	485	4,850	485	4,850
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	330	3,300
TCFSL NCD "A" FY 2019-20	25-Apr-19	25-Apr-22	500	5,000	500	5,000
TCFSL NCD 'J' FY 2019-20	30-Jan-20	29-Apr-22	2,000	20,000	2,000	20,000
TCFSL NCD "I" 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 '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	2,000	24,174
TCFSL NCD 'AH' FY 2012-13	05-Sep-12	05-Sep-22	500	5,000	500	5,000
TCFSL NCD 'D' FY 2020-21	17-Jun-20	23-Sep-22	1,500	15,000	1,500	15,000
TCFSL NCD 'D' FY 2020-21 Premium Reissuance 1	27-Aug-20	23-Sep-22	4,000	40,000	4,000	40,000
TCFSL NCD 'H' FY 2020-21	01-Dec-20	01-Dec-22	4,000	40,000	4,000	40,000
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 "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 NCD 'F' FY 2021-22	06-Sep-21	28-Feb-23	7,000	70,000	-	-
TCFSL NCD 'J' FY 2020-21	17-Mar-21	17-Mar-23	3,000	30,000	3,000	30,000
TCFSL NCD 'J' FY 2020-21 Premium Reissuance 1	24-Aug-21	17-Mar-23	3,000	30,000	-	-
TCFSL NCD 'A' FY 2021-22	15-Apr-21	14-Apr-23	3,600	36,000	-	-
TCFSL NCD "B" FY 2020-21 - Option I	29-Apr-20	28-Apr-23	750	7,500	750	7,500
TCFSL NCD 'A' FY 2020-21	21-Apr-20	19-May-23	9,250	92,500	9,250	92,500
TCFSL NCD 'F' FY 2020-21	14-Jul-20	14-Jul-23	500	5,000	500	5,000
TCFSL NCD 'F' FY 2020-21 Discount Reissuance 1	20-Jul-20	14-Jul-23	3,500	35,000	3,500	35,000
TCFSL NCD 'C' FY 2021-22	15-Jul-21	14-Jul-23	2,100	21,000	-	-
TCFSL NCD 'C' FY 2021-22 Reissuance 1 on ZCB Discounting	02-Aug-21	14-Jul-23	2,000	20,000	-	-
TCFSL NCD 'G' FY 2020-21	28-Jul-20	28-Jul-23	1,250	12,500	1,250	12,500

Tata Capital Financial Services Limited

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as at March 31, 2022

(Rs. in lakh)

14.7. Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2022 (Continued)

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2022*		As at March 31, 2021*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL NCD 'T' FY 2020-21	31-Dec-20	30-Nov-23	10,000	1,00,000	10,000	1,00,000
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 'G' FY 2021-22	06-Sep-21	29-Dec-23	1,000	10,000	-	-
TCFSL NCD 'K' FY 2020-21	30-Mar-21	29-Mar-24	4,250	42,500	4,250	42,500
TCFSL NCD 'B' FY 2021-22	10-May-21	10-May-24	5,000	50,000	-	-
TCFSL NCD 'D' FY 2019-20	27-May-19	27-May-24	2,180	21,800	2,180	21,800
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 2021-22	02-Aug-21	02-Aug-24	2,000	20,000	-	-
TCFSL NCD 'E' FY 2021-22	06-Aug-21	04-Oct-24	7,000	70,000	-	-
TCFSL NCD 'E' FY 2021-22 Premium Reissuance 1 at PAR	24-Aug-21	04-Oct-24	4,000	40,000	-	-
TCFSL NCD AA FY 2014-15	20-Nov-14	20-Nov-24	950	9,500	950	9,500
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 '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 - 1 Reissuance 1	26-Feb-20	15-Jan-25	350	3,500	350	3,500
TCFSL NCD 'B' FY 2020-21 - Option II	29-Apr-20	29-Apr-25	400	4,000	400	4,000
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 '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 2019-20	06-Nov-19	06-Nov-29	1,000	10,000	1,000	10,000
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 2021-22	29-Sep-21	29-Sep-31	950	9,500	-	-
TCFSL NCD 'H' FY 2021-22 Discount Reissuance 1	03-Dec-21	29-Sep-31	2,190	21,900	-	-
TCFSL NCD 'H' FY 2021-22 Discount Reissuance 2	16-Dec-21	29-Sep-31	500	5,000	-	-
TCFSL NCD 'H' FY 2021-22 Discount Reissuance 3	29-Dec-21	29-Sep-31	850	8,500	-	-
TCFSL NCD 'T' FY 2021-22	20-Jan-22	20-Jan-32	12,500	1,25,000	-	-
Total (A)				13,57,134		10,63,899
Add : Interest accrued on borrowing				57,096		56,950
Add : Unamortised premium				772		1,637
Total (B)				57,868		58,587
Less : Unamortised borrowing cost				(288)		(410)
Less : Unamortised discount				(3,731)		(5)
Total (C)				(4,019)		(415)
TOTAL (A+B+C)				14,10,983		11,22,071

*Coupon rate of "NCDs" outstanding as on March 31, 2022 varies from 4.82% to 9.85% (March 31, 2021 : 5.00% to 9.85%)

Note: Information about the company's exposure to interest rate risk, and liquidity risk is included in note 35B and 35C

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as at March 31, 2022

(Rs. in lakh)

14.8. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2022

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	-	-
TCFSL NCD Series I (2019)	27-Sep-18	27-Sep-21	-	-
SERIES I TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-22	9,66,134	9,661
SERIES I TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-22	75,22,582	75,226
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 II TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-24	9,77,140	9,772
SERIES II TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-24	34,09,175	34,092
SERIES III TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-27	9,24,814	9,248
SERIES III TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-27	60,03,935	60,039
				3,51,433
Add: Interest accrued on borrowing				17,026
Less: Unamortised borrowing cost				(2,040)
Total				3,66,419

Note : Coupon rate of above outstanding as on March 31, 2022 varies from 8.35% to 8.90%

14.9. 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
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
SERIES I TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-22	9,66,134	9,661
SERIES I TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-22	75,22,582	75,226
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 II TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-24	9,77,140	9,771
SERIES II TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-24	34,09,175	34,092
SERIES III TRANCHE II – CATEGORY I & II.	26-Aug-19	26-Aug-27	9,24,814	9,248
SERIES III TRANCHE II – CATEGORY III & IV.	26-Aug-19	26-Aug-27	60,03,935	60,039
				4,98,238
Add: Interest accrued on borrowing				23,607
Less: Unamortised borrowing cost				(2,930)
Total				5,18,915

Note : Coupon rate of above outstanding as on March 31, 2021 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, 2022

(Rs. in lakh)

14.10. Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2022

Description of NCD	Issue Date	Redemption Date	Number of NCDs	Rs in lakh
TCFSL Unsecured NCD Partly paid "A" FY 2018-19	19-Mar-19	17-Mar-34	5,900	47,200
TCFSL Unsecured NCD Partly paid "A" FY 2019-20	23-Mar-20	23-Mar-35	5,000	30,000
TOTAL				77,200
Add: Interest accrued on borrowing				202
Less: Unamortised borrowing cost				(55)
Total				77,347

Note : Coupon rate of above outstanding as on March 31, 2022 varies from 7.85% to 8.93%

14.11. 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 2018-19	19-Mar-19	17-Mar-34	5,900	35,400
TCFSL Unsecured NCD Partly paid "A" FY 2019-20	23-Mar-20	23-Mar-35	5,000	20,000
TOTAL				55,400
Add: Interest accrued on borrowing				151
Less: Unamortised borrowing cost				(67)
Total				55,484

Note : Coupon rate of above outstanding as on March 31, 2021 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, 2022

(Rs. in lakh)

15. BORROWINGS (OTHER THAN DEBT SECURITIES)

PARTICULARS	As at March 31, 2022	As at March 31, 2021
At amortised cost		
(a) Term loans		
Secured - In India		
From Banks (Refer note 15.1 below)	13,76,440	7,68,886
From Others (Refer note 15.1 below)	1,40,470	32,645
Secured - Outside India		
From Banks	2,91,413	2,10,536
Unsecured - In India		
From Banks	-	-
(b) Loans repayable on demand		
Secured		
From Banks		
(i) Working capital demand loan (Refer note 15.2 below)	2,59,223	3,15,754
(ii) Bank Overdraft (Refer note 15.2 below)	2	19
Unsecured		
From Banks		
(i) Working capital demand loan (Refer note 15.2 below)	40,000	20,000
(c) Loan from related parties (unsecured)		
- Inter corporate deposits from related parties (Refer notes 15.2 below) (repayable on demand)	77,958	1,15,502
Total	21,85,506	14,63,342

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. 16,66,885 lakh (March 31, 2021 : Rs. 9,78,576 lakh) are repayable at maturity ranging between 6 and 63 months from the date of respective loan. Rate of interest payable on term loans varies between 4.85 % to 7.70% (March 31, 2021 : 5.25 % to 7.75%).

As per terms of agreements loan from Others aggregating Rs. 1,40,000 lakh (March 31, 2021 : Rs. 32,500 lakh) are repayable at maturity ranging between 36 and 63 months from the date of respective loan. Rate of interest payable on term loans varies between 5.50 % to 6.25%. (March 31, 2021 : 6.20 % to 7.50%).

Rate of interest payable on WCDL varies between 4.10 % to 7.10% (March 31, 2021 : 4.20 % to 7.85%) and Bank Overdraft varies between 7.45% to 8.20% (March 31, 2021 : 7.45% to 8.55%).

Rate of interest payable on Inter-corporate deposits varies between 7.08 % to 7.62% (March 31, 2021 : 8.42 % to 8.42%).

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, 2022 and March 31, 2021.

15.4. The quarterly returns/statements of current assets filed by the company with banks or financial institutions are in agreement with the books of accounts.

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Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

16. SUBORDINATED LIABILITIES

PARTICULARS	As at	
	March 31, 2022	March 31, 2021
At amortised cost		
Unsecured		
Debentures		
Non-Convertible Subordinated Debentures [Net of unamortised discount of Rs. 123 lakh (March 31, 2021 : Rs. 137 lakh) and premium of Rs. 117 lakh (March 31, 2021 : Rs. 132 lakh)]	3,10,433	2,43,474
Non-Convertible Perpetual Debentures	1,21,627	1,12,058
Total	4,32,060	3,55,532

Note:

1. Of the above Non-convertible perpetual debentures and Non-convertible subordinated amounting to face value of Rs. 28,680 lakh (March 31, 2021 : 17,135 lakh) are subscribed by related parties.

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Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

16.1. Particulars of Subordinated unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2022

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2022*		As at March 31, 2021*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCFSL Tier II Bond 'A' FY 2014-15	26-Sep-14	25-Sep-24	1,000	10,000	1,000	10,000
TCFSL Tier II Bond 'B' FY 2014-15	07-Jan-15	07-Jan-25	350	3,500	350	3,500
TCFSL Tier II Bond 'C' FY 2014-15	30-Jan-15	30-Jan-25	750	7,500	750	7,500
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 'A' FY 2015-16	22-Jul-15	22-Jul-25	900	9,000	900	9,000
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 2016-17	11-Aug-16	11-Aug-26	2,000	20,000	2,000	20,000
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 2018-19	28-Dec-18	28-Dec-28	2,000	20,000	2,000	20,000
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 "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
TCFSL Tier-II Bond "A" FY 2020-21	17-Sep-20	17-Sep-30	750	7,500	750	7,500
TCFSL Tier-II Bond "A" FY 2020-21 Premium Reissuance 1	13-Oct-20	17-Sep-30	1,250	12,500	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	1,000	10,000
TCFSL Tier-II Bond "A" FY 2021-22	28-Jun-21	27-Jun-31	1,500	15,000	-	-
TCFSL Tier-II Bond "B" FY 2021-22	24-Nov-21	24-Nov-31	500	50,000	-	-
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
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
Total (A)				2,99,825		2,34,825
Add: Interest accrued on borrowing				11,392		9,251
Add : Unamortised premium				117		132
Total (B)				11,509		9,383
Less: Unamortised borrowing cost				(777)		(597)
Less : Unamortised discount				(123)		(137)
Total (C)				(900)		(734)
TOTAL (A+B+C)				3,10,433		2,43,474

*Note : Coupon rate of above outstanding as on March 31, 2022 varies from 7.30% to 10.15% (March 31, 2021: 7.60% to 10.15%)

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

16.2. Particulars of Perpetual unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2022

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2022*		As at March 31, 2021*	
			Number of NCDs	Rs in lakh	Number of NCDs	Rs in lakh
TCL Perpetual 'A' FY 2011-12	05-May-11	05-May-21	-	-	20	100
TCL Perpetual 'B' FY 2011-12	08-Aug-11	27-Aug-21	-	-	61	305
TCL Perpetual 'C' FY 2011-12	28-Sep-11	28-Sep-21	-	-	10	50
TCL Perpetual 'D' FY 2011-12	07-Nov-11	07-Nov-21	-	-	5	25
TCFSL Perpetual 'A' FY 2013-14	27-Mar-14	27-Mar-24	1,871	9,355	1,871	9,355
TCFSL Perpetual 'A' FY 2015-16	16-Jul-15	16-Jul-25	1,000	10,000	1,000	10,000
TCFSL Perpetual 'B' FY 2015-16	06-Jan-16	06-Jan-26	500	5,000	500	5,000
TCFSL Perpetual 'C' FY 2015-16	02-Feb-16	02-Feb-26	500	5,000	500	5,000
TCFSL Perpetual 'D' FY 2015-16	09-Feb-16	09-Feb-26	1,000	10,000	1,000	10,000
TCFSL Perpetual 'E' FY 2015-16	23-Mar-16	23-Mar-26	1,000	10,000	1,000	10,000
TCFSL Perpetual 'A' FY 2016-17	30-Jun-16	30-Jun-26	500	5,000	500	5,000
TCFSL Perpetual 'B' FY 2016-17	13-Jan-17	13-Jan-27	100	1,000	100	1,000
TCFSL Perpetual 'C' FY 2016-17	08-Mar-17	08-Mar-27	400	4,000	400	4,000
TCFSL Perpetual 'A' FY 2017-18	21-Jun-17	21-Jun-27	500	5,000	500	5,000
TCFSL Perpetual 'B' FY 2017-18	14-Jul-17	14-Jul-27	500	5,000	500	5,000
TCFSL Perpetual 'C' FY 2017-18	11-Sep-17	11-Sep-27	930	9,300	930	9,300
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 'A' FY 2020-21	30-Sep-20	30-Sep-30	1,000	10,000	1,000	10,000
TCFSL Perpetual 'B' FY 2020-21	19-Oct-20	19-Oct-30	750	7,500	750	7,500
TCFSL Perpetual 'A' FY 2021-22	28-Feb-22	28-Feb-32	100	10,000	-	-
Total (A)				1,18,655		1,09,135
Add: Interest accrued on borrowing				3,363		3,322
Less: Unamortised borrowing cost				(391)		(399)
				1,21,627		1,12,058

*Note : Coupon rate of above outstanding as on March 31, 2022 varies from 7.89% to 10.95% (March 31, 2021: 8.10% to 11.25%)

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
Funds Raised through Perpetual Debt Instruments	10,000	17,500
Amount outstanding at the end of year	1,18,655	1,09,135
Percentage of amount of Perpetual Debt Instruments of the amount of Tier I Capital	17.07%	15.87%
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, 2022

(Rs. in lakh)

17. OTHER FINANCIAL LIABILITIES

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
(a) Security deposit	47,864	41,294
(b) Payable for capital expenditure	5,039	2,173
(c) Advances from customers	4,331	2,463
(d) Accrued employee benefit expense	9,202	6,872
(e) Unclaimed matured debentures, unclaimed application money and accrued interest thereon	131	69
(f) Payable under letter of credit/buyer's credit facility	12,680	37,255
(g) Amounts payable - assigned loans	362	731
(h) Book Overdraft	21,201	30,190
Total	1,00,810	1,21,047

18. CURRENT TAX LIABILITIES (NET)

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
Provision for tax (net of advance tax Rs. 94,217 Lakh (March 31, 2021 : Rs. 87,471 Lakh)	26,719	20,316
Total	26,719	20,316

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

19. PROVISIONS

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
(a) Provision for gratuity	97	-
(b) Provision for compensated absences	1,472	1,386
(c) Provision for long-term service award	122	109
(d) Provision for off Balance Sheet exposure	1,674	1,048
Total	3,365	2,543

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

20. OTHER NON-FINANCIAL LIABILITIES

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
(a) Statutory dues	6,225	5,199
(b) Revenue received in advance	555	980
(c) Margin money received under Letter of credit/Buyer's credit	1,499	2,790
(d) Others	723	779
Total	9,002	9,748

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

as at March 31, 2022

(Rs. in lakh)

21. SHARE CAPITAL

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
AUTHORISED		
2,500,000,000 (March 31, 2021 : 2,500,000,000 shares) Equity shares of Rs.10 each	2,50,000	2,50,000
3,000,000,000 (March 31, 2021 : 3,000,000,000 shares) Preference shares of Rs.10 each	3,00,000	3,00,000
	5,50,000	5,50,000
ISSUED, SUBSCRIBED & PAID UP		
1,65,98,72,100 (March 31, 2021: 1,629,931,981 shares) Equity shares of Rs.10 each fully paid up	1,65,987	1,62,993
Total	1,65,987	1,62,993

21. (a). Details of shareholders holding more than 5 percent shares in the Company are given below:

PARTICULARS	As at March 31, 2022			As at March 31, 2021		
	No. of shares	Rs. in lakh	% holding	No. of shares	Rs. in lakh	% holding
Tata Capital Limited (Holding Company)	1,65,98,72,100	1,65,987	100%	1,62,99,31,981	1,62,993	100%

21. (b). Reconciliation of number of equity shares outstanding

Particulars	No. of shares	Rs. in lakh
Equity Shares		
Opening balance as on April 01, 2020	1,62,99,31,981	1,62,993
Additions during the year	-	-
Closing Balance as on March 31, 2021	1,62,99,31,981	1,62,993
Additions during the year	2,99,40,119	2,994
Closing Balance as on March 31, 2022	1,65,98,72,100	1,65,987

21. (c). 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. (d). 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, 2020	1,62,99,31,981	1,62,993
	Add: Additions during the year	-	-
	Closing Balance as on March 31, 2021	1,62,99,31,981	1,62,993
	Add: Additions during the year	2,99,40,119	2,994
	Closing Balance as on March 31, 2022	1,65,98,72,100	1,65,987

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

21. (f). 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, 2022

(Rs. in lakh)

22. OTHER EQUITY

PARTICULARS	As at	As at
	March 31, 2022	March 31, 2021
(a) Securities Premium Account	3,61,903	3,34,897
(b) Debenture Redemption Reserve	30,000	30,000
(c) Special Reserve Account	80,957	64,613
(d) Retained earnings	1,34,951	81,637
(e) Other Comprehensive Income		
(i) Fair value gain on Financial Assets carried at FVTOCI	-	145
(ii) The effective portion of gains and loss on hedging instruments in a cost of hedge	982	(2,118)
(iii) Remeasurement of defined employee benefit plans	(517)	(287)
(f) Share options outstanding account	701	470
(g) General Reserve	1,310	1,184
Total	6,10,287	5,10,541

The Board of Directors, vide a resolution passed by circulation on September 17, 2021 and at the Meeting of the Board held on March 17, 2022, have declared and approved an interim equity dividend of Rs. 0.25 and Rs. 0.49 per equity share, respectively, and the dividend has been paid to the shareholders in the same period.

As prescribed by Section 45-IC of the Reserve Bank of India Act, 1934, the Company has transferred Rs. 16,344 lakh (March 31, 2021 : Rs. 13,540 lakh) to Special Reserve.

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, 2022

(Rs. in lakh)

23. INTEREST INCOME

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
On Financial Assets measured at Amortised Cost		
(a) Interest on loans and credit substitutes	5,57,178	5,22,593
(b) Interest income from investments	7,853	1,139
(C) Interest income on deposits with banks	428	1,401
On Financial Assets measured at fair value through OCI		
(a) Interest on loans and credit substitutes	-	256
On Financial Assets measured at fair value through profit and loss		
(a) Interest on loans and credit substitutes	237	110
Total	5,65,696	5,25,499

24. DIVIDEND INCOME

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
Dividend income	73	1
Total	73	1

25. RENTAL INCOME

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
Rental Income	29,691	37,093
Branch co-sharing income	969	1,047
Total	30,660	38,140

26. FEES AND COMMISSION INCOME

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
On Financial Assets measured at Amortised Cost		
(a) Foreclosure charges	5,649	5,230
(b) Fees on value added services and products	855	640
(c) Advisory Fees	925	734
(d) Others (valuation charges, PDD charges etc)	5,853	2,803
Total	13,282	9,407

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

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

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
(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	7,909	13,718
- On other financial securities	3,002	4,906
- On derivative contracts	-	-
(iii) Total Net gain/(loss) on fair value changes	<u>10,911</u>	<u>18,624</u>
(B) Fair value changes :		
-Realised	9,249	11,030
-Unrealised	1,662	7,594
Total Net gain/(loss) on fair value changes	<u>10,911</u>	<u>18,624</u>

28. OTHER INCOME

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Branch advertisement income	75	40
(b) Income from distribution of financial products	6,987	4,712
(c) Net (loss) / gain on derecognition of property, plant and equipment	914	(46)
(d) Interest on tax refunds	5	2,410
(e) Miscellaneous income	117	136
Total	<u>8,098</u>	<u>7,252</u>

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

29. FINANCE COSTS

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
At amortised cost		
(a) Interest on borrowings	98,074	1,12,242
(b) Interest on debt securities	1,28,524	1,26,362
(c) Interest on subordinated liabilities	33,335	28,886
(d) Interest on lease liabilities	692	806
(e) Other interest expense	357	484
(f) Discounting Charges		
(i) On commercial paper	20,749	21,105
(ii) On debentures	1,569	-
Total	2,83,300	2,89,885

30. EMPLOYEE BENEFIT EXPENSES

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Salaries, wages and bonus	51,515	40,980
(b) Contribution to provident and other fund	1,805	1,646
(c) Staff welfare expenses	729	218
(d) Expenses related to post-employment defined benefit plans	600	664
(e) Share based payments to employees	415	303
Total	55,064	43,811

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

31. Impairment of financial instruments

PARTICULARS	For the year ended March 31, 2022		For the year ended March 31, 2021	
(I) Loans and credit substitutes				
(a) Impairment loss allowance on loans (Stage III) - at amortised cost	4,316		11,363	
Less : Delinquency Support	<u>(81)</u>	4,235	<u>(301)</u>	11,062
(b) Write off - Loans and credit substitutes - at amortised cost		54,665		81,455
(c) Impairment loss allowance on loans (Stage I & II)				
- at amortised cost	30,089		8,766	
- at FVTOCI	<u>(18)</u>	30,071	<u>(1)</u>	8,765
		88,971		1,01,282
(II) Trade receivables - at amortised cost		(21)		12
Total (I+II)		<u><u>88,950</u></u>		<u><u>1,01,294</u></u>

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

32. OTHER OPERATING EXPENSES

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Advertisements and publicity	4,555	3,235
(b) Brand Equity and Business Promotion	1,567	1,666
(c) Corporate social responsibility cost	1,276	1,001
(d) Equipment hire charges	-	84
(e) Information technology expenses	14,037	11,050
(f) Insurance charges	1,491	1,312
(g) Incentive / commission/ brokerage	402	352
(h) Legal and professional fees	4,554	3,325
(i) Loan processing fees	2,382	1,087
(j) Printing and stationery	392	217
(k) Reversal of provision against assets held for sale	(1)	(466)
(l) Power and fuel	818	624
(m) Repairs and maintenance	169	287
(n) Rent	535	248
(o) Rates and taxes	194	89
(p) Service providers' charges	30,305	23,037
(q) Training and recruitment	663	263
(r) Communication cost	435	355
(s) Travelling and conveyance	2,478	1,377
(t) Directors fees, allowances and expenses	212	223
(u) Other expenses [Refer note 32(a) below]	939	623
Total	67,403	49,989

(a) Auditors' Remuneration (excluding taxes):

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
Audit Fees	175	100
Tax Audit Fees	5	4
Other Services (includes out of pocket expenses) *	13	30
	193	134

(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, 2022	For the year ended March 31, 2021
Legal and professional fees	96	66
Information Technology Expenses	1,108	872
Other expenses	22	25
	1,226	963

(c) Corporate social responsibility expenses

(i) Gross amount required to be spent by the company during the year was Rs. 1,276 lakh. (March 31, 2021 : Rs. 1,001 lakh)

(ii) Amount spent during the year on:

PARTICULARS	Paid	Yet to be paid
Construction/acquisition of any asset	291	-
On purposes other than above	985	-

We endeavour to improve the lives of the community, especially the socially and economically underprivileged communities, by making a long term, measurable and positive impact through projects in the areas of education, climate action, health and skill development.

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(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 ₹ 92 Lakhs (Year ended 31 March 2021 ₹ 80 Lakhs) 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 contribution plan for qualifying employees. Under the Schemes, both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, 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, 2022.

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 ₹ 1,713 Lakhs (Year ended 31 March 2021 ₹ 1,566 Lakhs) for Provident Fund contributions and ₹ Nil (Year ended 31 March 2021 ₹ 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:

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

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.

Movement in net defined benefit (asset) liability

a) Reconciliation of balances of Defined Benefit Obligations.

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Defined Obligations at the beginning of the year	4,796	-	4,488	-
Current service cost	655	-	635	-
Interest cost	297	-	274	-
Amalgamations / Acquisitions	15	-	(65)	-
Actuarial (Gains)/ Losses on obligations arising from:				
a. Due to change in financial assumptions	(42)	-	(35)	-
b. Due to change in experience adjustments	423	-	(233)	-
Others (please specify below)				
Benefits paid directly by the Company	(318)	-	(268)	-
Defined Obligations at the end of the year	5,826	-	4,796	-

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

33. Employee benefit expenses

b) Reconciliation of balances of Fair Value of Plan Assets

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Fair Value at the beginning of the year	5,232	-	4,160	-
Expected return on plan assets	73	-	536	-
Employer contributions	73	-	329	-
Amalgamations / Acquisitions	15	-	(65)	-
Others (please specify below)				
Interest Income on Plan Assets	337	-	272	-
Fair Value of Plan Assets at the end of the year	5,730	-	5,232	-

c) Funded status

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Deficit of plan assets over obligations	-	-	-	-
Surplus of plan assets over obligations	(97)	-	436	-
Unrecognised asset due to asset ceiling	-	-	-	-
Total	(97)	-	436	-

d) Categories of plan assets

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Corporate bonds	1,082	-	1,041	-
Equity shares	414	-	325	-
Government securities	1,281	-	1,256	-
Insurer managed funds-ULIP Product	2,702	-	2,484	-
Cash	251	-	125	-
Total	5,730	-	5,232	-

e) Amount recognised in Balance sheet

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Present value of the defined benefit obligation	5,826	-	4,796	-
Fair value of plan assets	5,730	-	5,232	-
Net asset / (liability) recognised in the Balance Sheet	(97)	-	436	-

f) Amount recognised in Statement of Profit and Loss

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Current Service Cost	655	-	635	-
Interest Cost (net)	(40)	-	2	-
Expenses for the year	615	-	637	-

g) Amount recognised in OCI

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
a. Due to change in financial assumptions	(42)	-	(35)	-
b. Due to change in experience adjustments	423	-	(233)	-
c. (Return) on plan assets (excl. interest income)	(73)	-	(536)	-
Total remeasurements in OCI	308	-	(804)	-
Total defined benefit cost recognized in P&L and OCI	923	-	(167)	-

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

33. Employee benefit expenses

h) Expected cash flows for the following year

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Expected total benefit payments	8,600	6,975
Year 1	567	472
Year 2	665	483
Year 3	722	597
Year 4	735	656
Year 5	885	672
Next 5 years	5,026	4,095

i) Major Actuarial Assumptions

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount Rate (%)	6.50%	6.40%
Salary Escalation/ Inflation (%)	Non CRE: 8.25%, CRE & J Grade:6%	Non CRE: 8.25%, CRE & J Grade:6%
Expected Return on Plan assets (%)	6.50%	6.40%
Mortality Table	Indian assured lives Mortality (2006-08) Ult.	Indian assured lives Mortality (2006-08) Ult.
Withdrawal (rate of employee turnover)	CRE and J Grade : 40%; Non CRE :Less than 5years 25% and more than 5 years 10%	CRE and J Grade : 40%; Non CRE :Less than 5years 25% and more than 5 years 10%
Retirement Age	60 years	60 years
Estimate of amount of contribution in the immediate next year (Rs. in lakh)	567	472

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

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.

Particulars	March 31, 2022		March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(390)	441	(330)	375
Future salary growth (1% movement)	430	(388)	365	(329)
Others (Withdrawal rate 5% movement)	(343)	502	(305)	455

j) Provision for compensated absences

Particulars	March 31, 2022		March 31, 2021	
	Non current	Current	Non current	Current
Liability for compensated absences	1,137	310	1,078	267

Experience adjustments	Defined benefit obligation	Plan assets	Surplus/ (deficit)	Experience adjustments on plan liabilities	Experience adjustments on plan assets
Funded					
2021-22	5,826	5,730	(97)	(423)	73
2020-21	4,796	5,232	436	233	536
Unfunded					
2021-22	-	-	-	-	-
2020-21	-	-	-	-	-

Note :

The actuarial valuation as at 31 March 2022 has been carried out on the basis of the membership data provided as at 28 February 2022.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

34. Fair values of financial instruments

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

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

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, 2022

(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, 2022 is as follows:

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
Financial Assets:				
Cash and cash equivalents	-	-	1,11,722	1,11,722
Bank balances other than (a) above	-	-	178	178
Derivative financial instruments	-	987	-	987
Trade receivables	-	-	926	926
Loans including credit substitutes	2,519	-	53,78,460	53,80,979
Investments (Other than in Associate)	73,322	-	1,92,234	2,65,556
Other financial assets	-	-	30,209	30,209
Total	75,841	987	57,13,729	57,90,557
Financial Liabilities:				
Trade and other payables	-	-	84,479	84,479
Borrowings *	-	-	49,08,237	49,08,237
Lease liabilities	-	-	8,511	8,511
Other financial liabilities	-	-	1,00,810	1,00,810
Derivative financial liabilities	-	28,987	-	28,987
Total	-	28,987	51,02,037	51,31,024

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

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

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Amortised cost	Total Carrying Value
Financial Assets:				
Cash and cash equivalents	-	-	1,00,316	1,00,316
Other balances with banks	-	-	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	-	-	62,333	62,333
Derivative financial assets	-	-	-	-
Total	17,361	4,649	45,53,302	45,75,312
Financial Liabilities:				
Trade and other payables	-	-	64,128	64,128
Borrowings *	-	-	38,23,927	38,23,927
Lease liabilities	-	-	8,092	8,092
Other financial liabilities	-	-	1,21,047	1,21,047
Derivative financial liabilities	-	18,222	-	18,222
Total	-	18,222	40,17,194	40,35,416

* 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, 2022

(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, 2022	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund units	-	61,658	-	61,658
Equity Shares	7,195	-	4,461	11,656
Security Receipts	-	8	-	8
Loans including credit substitutes *	-	-	2,519	2,519
Derivative Financial Assets	-	987	-	987
Total	7,195	62,653	6,980	76,828
Financial Liabilities:				
Derivative Financial Liabilities	-	28,987	-	28,987
Total	-	28,987	-	28,987

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

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial Assets:				
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
Derivative Financial Assets	-	-	-	-
Total	10,980	1,692	9,338	22,010
Financial Liabilities:				
Derivative Financial Liabilities	-	18,222	-	18,222
Total	-	18,222	-	18,222

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

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets at amortised cost:				
Loans including credit substitutes	53,78,460	54,21,672	42,78,179	43,33,534
Investments	1,92,234	1,88,958	1,10,403	1,10,792
Total	55,70,694	56,10,630	43,88,582	44,44,326
Financial Liabilities at amortised cost:				
Borrowings (includes debt securities and subordinated liabilities)	49,08,237	48,94,129	38,23,927	37,86,144
Total	49,08,237	48,94,129	38,23,927	37,86,144

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, 2022

(Rs. in lakh)

34. Fair values of financial instruments (Continued)

C. Financial assets and liabilities (Continued)

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.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(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, 2022	As at March 31, 2021				
Equity Shares - unquoted	4,461	3,689	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	Earnings based on the latest financial statements	The estimated fair value would increase (decrease) if the annual earnings growth were higher (lower)
Compulsorily Convertible Debenture	2,519	1,000	Level 3	Valuation is based on the transaction price at inception (including interest accrued) due to illiquid nature of Investment and the immaterial option value.	Transaction price at inception	Higher/(lower) the transaction price higher/(lower) the fair value of loans
Loans - FVTOCI	-	4,649	Level 3	Discounted contractual cash flows.	Discounting rate : NA (previous year : 10%) and future cash flows.	Higher the discounting rate lower the fair value of loans
Financial instruments at FVTPL/FVTOCI (B)	6,980	9,338				

Certain 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 investee 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, 2022		As at March 31, 2021	
			Favourable	Unfavourable	Favourable	Unfavourable
Equity Shares	Forecasted earnings	1%	45	(45)	37	(37)
Compulsorily Convertible Debenture	Transaction price	1%	25	(25)	10	(10)
Loans	Discounting rate	1%	-	-	48	(47)
Total			70	(70)	95	(94)

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(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	
	As at April 1, 2021	4,649	1,000	3,689	9,338
	Total gains or losses:				
	in profit or loss	-	-	772	772
	in OCI	-	-	-	-
	Purchases	-	1,519	-	1,519
	Settlements	(4,649)	-	-	(4,649)
	Transfers into Level 3	-	-	-	-
	As at March 31, 2022	-	2,519	4,461	6,980

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	
	For the year ended March 31, 2022				
	Total gains and losses				
	Recognised in profit or loss:				
	Fair value changes :				
	-Realised	-	-	-	-
	-Unrealised	-	-	772	772
	Recognised in FVTOCI	-	-	-	-
	Total Net gain/(loss) on fair value changes	-	-	772	772
	Total	-	-	772	772

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

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	
	For the period ended March 31, 2021				
	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	88	-	333	421

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

35: Risk Management Framework

A Introduction:

As a financial institution, Company 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 in cognizance with industry risk dynamics and emergence of new challenges and opportunities.

The purpose of risk management is the creation and protection of value. Company's risk management framework has been laid down with long term sustainability and value creation keeping in mind:

- Build profitable and sustainable business with conservative risk management approach.
- Have risk management as an integral part of the organization's business strategy.
- Undertake businesses that are well understood and within acceptable risk appetite.
- Manage the risks proactively across the organization.
- Adopt best risk management practices with resultant shareholder value creation and increased stakeholder confidence.
- Develop a strong risk culture across the organization.

The risk management practices of Company 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:

Company's Risk Management is an integral part of all organizational activities. The structured approach contributes to consistent and comparable results along with customization of external and internal objectives. Important pillars of the risk management approach are developing a strong risk management culture within Company through alignment of risk by creating, preserving and realizing value.

A comprehensive Enterprise Risk Management ("ERM") Framework has been adopted across Company which uses defined Key Risk Indicators based on quantitative and qualitative factors. We have implemented two-dimensional quantitative data management tool - Heat Map which enables management to have a comprehensive view of 9 identified key risk areas based on their probability and impact.

The 9 categories of risks identified and monitored by the Company are Credit Risk, Market Risk, Process, People, Outsourcing, Technology, Business Continuity, Cyber Security and Reputation risk.

Nature of Risk	Framework	Governing Committees
Credit Risk	Enterprise Risk Management Various Credit Policies, Portfolio review and trigger monitoring	Risk Management Committee of the Board Investment Credit Committee of the Board Credit Committees
Market Risk	Enterprise Risk Management Asset Linked Market Policy	Risk Management Committee of the Board Asset Liability Management Committee of the Board
Process Risk	Operational Risk Policy	Operational Risk Management Committee
People Risk	Operational Risk Policy HR Policies	Risk Management Committee of the Board Operational Risk Management Committee
Outsourcing	Operational Risk Policy Outsourcing Policy	Risk Management Committee of the Board Operational Risk Management Committee
Technology	Operational Risk Policy Information Technology Policy	Risk Management Committee of the Board IT Strategy Committee of the Board
Business Continuity	Operational Risk Policy Business Continuity Management Policy	Operational Risk Management Committee
Cyber Security	Information & Cyber Security Policy	Risk Management Committee of the Board IT Strategy Management Committee of the Board
Reputational Risk	Enterprise Risk Management Framework Ethics Policy POSH Policy Tata Code of Conduct	Risk Management Committee of the Board

The Board is assisted by Risk Management Committee of the Board ("RMC") and is supported by various Board and Senior management committees as part of the Risk Governance framework to ensure that the Company has sound system of risk management and internal controls.

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) Market and Liquidity Risk (iii) Operational Risk (Process, People, Outsourcing, Technology, Business Continuity and Fraud) (iv) Strategic Risks (including emerging and external risks) (v) Reputation Risk (vi) Information Security & Cyber Security Risk

Investment Credit Committee of the Board (ICC): Provides 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 reviews the Liquidity Risk and Interest Rate Risk on a regular basis and suggests necessary actions based on its view and expectations on the liquidity and interest rate profile.

IT Strategy Committee: Reviews and approves IT strategy and policies. Monitors IT resources required to achieve strategic goals and ensure that maximum value is delivered to business.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the activities of the Company. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Risk Management Committee reviews risk management policies of the Company pertaining to credit, market, liquidity and operational risks. It oversees the monitoring of compliances with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

35: Risk Management Framework

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

a) Management Credit Committee (MCC): The members of committee are senior management of the Company as defined in the prevailing delegation of authority. It recommends proposal including review to ICC / Board for loan facilities falling beyond assigned Delegation of Power and Authority. The committee is governed as per the delegation of authority applicable to the Company.

b) Operational Risk Management Committee (ORMC): ORMC is the oversight committee for ensuring effective management of operational risks. The committee reviews and approves the following:

- Operational risk management policy and including amendments if any.
- Insurance management framework.
- Corrective actions on operational risk incidents, based on analysis of the Key Risk Indicators (KRIs), operational risk process reviews, etc.
- Operational risk profile based on the KRIs which are beyond the tolerance limit

c) Fraud Risk Management Committee (FRMC): An independent Fraud Risk Management Committee (FRMC) comprising of top management representatives has been constituted that reviews the matters related to fraud risk and approves/recommends actions against frauds.

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), Credit & Collection review, Retail Risk Review (RRR) for retail business.

C Company's Risk Management Approach for handling various type of risks

a) Credit risk;

The Credit Risk management framework is based on the philosophy of First and Second line of Defence with underwriting being responsibility of Credit department and controls around policies and processes are driven by Risk department. Each process and business verticals have Credit underwriting, Risk analytics, Policy and Operational Risk unit. Delegation of Authority is defined based on value at risk and deviation matrix as approved by the Board.

The Company has reviewed Credit policies from time to time based on macroeconomic scenarios, pandemic and government scheme/grants, we have robust early warning signals process to ensure resilience in the policy framework for adopting changing business scenario and to mitigate various business risks.

Company's approach to rigorous portfolio review driven by analytics helps us to take corrective action proactively and to have a resilient underwriting policy and processes for Retail, SME and Corporate portfolio.

Company has a strong fraud risk and vigilance framework to weed out fraudulent customers from system at the time of origination with support of analytical tools. Identified fraud cases in the portfolio are reviewed basis detailed root cause analysis and reported to regulator. Process improvements based on root cause analysis are implemented to control such foreseen losses in future.

Introduction of new products are based on market potential, Operational risk, Credit risk and Compliance risks. All new product launches are signed off by Risk department to mitigate key risks arising while developing strategy around launching of new product. All innovative process changes/digitization goes through rigour of risk review and highlighting risk associated with change of the process and mitigants around the same. All introduction of new products goes through a complete governance process and are approved by Board/respective committees.

Measures taken to recover from COVID pandemic:

The Company is taking following measures to recover from COVID 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 pandemic 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
- ix. Review of one-time restructured loans and CGTMSE government guarantee portfolio

b) Market risk;

Market risk is 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 and minimum volatility while optimising the balance between profitability and managing associated risks.

Under Liquidity Risk Management (LRM) framework for the Company, ALCO sets up limits for each significant type of risk/aggregated risk with liquidity being a primary factor in determining the level of limits. The monitoring of risk limits defined as per ALM policy is done by ALCO on regular basis. The Company has Asset Liability Management (ALM) support Company prescribed by RBI which meets on regular basis to ensure internal controls and reviews the liquidity risk management of the Company.

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 monitors interest rate risk through traditional gap and duration gap approaches on a monthly basis. The interest rate risk limits are approved by the ALCO.

Refer Note No 36 .C.i for summary on sensitivity to a change in interest rates as on 31st March 2022.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

35: Risk Management Framework

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. Counter party risk is reviewed periodically in terms of exposure to various counter parties.

The Company's hedging policy guides 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 by the Company are cash flow hedges.

Refer Note No 36.C.ii for gist of foreign currency risk exposure as on 31st March 2022.

Equity price risk

The Company investments in equity carry a risk of adverse price movement. To mitigate pricing risk emerging from investments in equity, the Company intermittently observes the performance of sectors and measures MTM gains/losses as per applicable accounting policy of the Company.

Liquidity risk;

Liquidity Risk is the risk that a Company will encounter difficulties in meeting its short-term financial obligations due to an asset- liability mismatch or interest rate fluctuations. The liquidity risk is being managed as per ALM policy which has following key elements:

- i) ALCO sets the strategy for managing liquidity risk commensurate with the business objectives;
- ii) ALCO has set various gap limits for tracking liquidity risk.
- iii) The ALM policy is being reviewed on annual basis, including the risk tolerance, process and control. ALCO monitors the liquidity and interest rate gaps on regular basis.
- iv) Company manages the liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position. The regulatory compliance to the liquidity risk related limits are being ensured.
- v) The Company is fully complied to the Liquidity Coverage Ratio (LCR) framework as mandated by RBI.

Company's liquidity risk management strategy are as follows:

a. Maintaining a diversified funding through market and bank borrowings resources such as debentures, commercial papers, subordinated debt, perpetual debt, Inter-corporate deposits (ICD's), overdraft and bank term loans. Unused bank lines as well as High Quality Liquid Assets (HQLA) maintained under LCR framework constitute the main liquidity back up to meet the contingency funding plan. Additionally, based on Market scenario, the Company also maintains a portfolio of highly liquid mutual fund units.

b. The Company complies with the ALM guidelines and submits various returns and disclosures in accordance with the regulatory guidelines.

c. The Company carries out liquidity stress testing based on the cash flows and results are reported to ALCO on periodic basis. The Company has contingency funding plan in place which monitors the early warning signals arising out of company specific and market wide liquidity stress scenarios.

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 schemes 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.

Refer Note No 36.B for the summary of Maturity analysis for Company's financial liabilities and financial assets as on 31st March 2022.

c) Operational Risk;

Operational Risk has been defined as "The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events "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 strategic and reputation risk Management of operational risk forms an integral part of Company'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 Company'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.

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

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

Company 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 Company Compliance team. Statutory compliances are handled by Company 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, 2022

(Rs. in lakh)

36. Risk Management review

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

For information on the Risk management framework, see Note 35

- 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. Maturity analysis for financial liabilities and financial assets
 - ii. Financial assets position pledged/ not pledged
- 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 35.

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, 2022

(Rs. in lakh)

36. Risk Management 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, 2022					As at March 31, 2021				
	Count	Stage 1	Stage 2	Stage 3	Total	Count	Stage 1	Stage 2	Stage 3	Total
Days past due										
Zero overdue	6,62,805	51,59,056	1,69,725	5,885	53,34,666	5,31,883	40,54,376	57,066	7,062	41,18,504
1-29 days	28,674	64,607	22,137	3,128	89,872	33,019	1,13,191	3,560	1,412	1,18,163
30-59 days	14,481	-	44,465	4,169	48,634	18,323	-	66,373	847	67,220
60-89 days	8,469	-	19,256	6,861	26,117	15,449	-	44,881	3,096	47,977
90 or more days	47,084	-	-	1,04,861	1,04,861	43,701	-	-	1,20,500	1,20,500
Total	7,61,513	52,23,663	2,55,583	1,24,904	56,04,150	6,42,375	41,67,567	1,71,880	1,32,917	44,72,364

Note: Gross carrying amount does not include loan commitments Rs. 3,36,370 lakh (March 31, 2021 : Rs. 2,24,443 lakh) which are categorised as Stage I asset under zero overdue.

Impairment allowance on Loans	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Days past due								
Zero overdue	37,694	43,377	3,981	85,052	27,849	14,649	2,765	45,263
1-29 days	3,800	7,404	1,920	13,124	7,068	1,609	596	9,274
30-59 days	-	11,850	2,507	14,357	-	17,115	529	17,644
60-89 days	-	10,101	3,663	13,764	-	15,865	1,888	17,753
90 or more days	-	-	86,322	86,322	-	-	88,299	88,299
Total	41,494	72,732	98,393	2,12,619	34,917	49,238	94,077	1,78,232

Notes:

- Includes impairment allowance on loan commitments Rs. 1,773 lakh (March 31, 2021 : Rs 1,197 lakh)
- The above includes impairment allowance towards loan designated as FVTOCI amounting to Rs. Nil (March 31, 2021 : Rs. 18 lakh)
- Impairment loss allowance includes impairment loss allowance on loans under fair value through profit and loss Rs. 6 lakh (March 31, 2021 : Rs 4 lakh)

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk Management review (Continued)

A. Credit risk

3) PARTICULARS	As at	
	March 31, 2022	March 31, 2021
LOANS		
- Amortised Cost	56,01,631	44,66,715
- At Fair Value through Other Comprehensive Income	-	4,649
- At Fair Value through Other Profit and Loss	2,519	1,000
Total - Gross Loans	56,04,150	44,72,364
Less: Un-amortized loan sourcing cost and revenue received in advance	(12,325)	(11,518)
Total - Carrying Value of Loans	55,91,825	44,60,846
Less : Impairment Allowance	(2,10,846)	(1,77,018)
Total - Net Loans	53,80,979	42,83,828

4) Trade receivables

PARTICULARS	As at March 31, 2022			As at March 31, 2021		
	Gross	Impairment allowance	Net	Gross	Impairment allowance	Net
Category of Trade receivables						
Stage 1: Considered good	813	-	813	1,962	-	1,962
Stage 2: Significant increase in credit risk	132	19	113	45	45	-
Stage 3: Credit impaired	-	-	-	-	-	-
Net Carrying value of trade receivables	945	19	926	2,007	45	1,962

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk Management 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, 2022			As at March 31, 2021		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Foreign Exchange Forward contracts	2,22,465	-	28,573	1,79,489	-	15,104
Cross currency interest rate swap	75,520	88	298	36,615	-	1,304
Interest rate swap	-	899	116	-	-	1,813
Total	2,97,985	987	28,987	2,16,103	-	18,222

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 35.

The cross currency interest rate swap and foreign exchange forward currency agreements are entered to fully hedge the risk on account of change in interest rate and foreign exchange fluctuations on account of the external commercial borrowings.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk Management 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	As at
		March 31, 2022	March 31, 2021
Financial assets			
Loans			
Bills purchased and bills discounted	Charge on Trade receivables and inventories	2,37,005	1,18,666
Term loans	A) Charges over:	49,50,867	40,79,669
	i) real estate properties (including residential and commercial),		
	ii) Property and equipment,		
	iii) inventory and trade receivables,		
	iv) marketable securities (equity and debt securities)		
Credit substitutes	B) hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors	2,44,152	1,72,320
Finance lease and hire purchase	C) floating charge on corporate assets as mentioned in point A	1,61,039	92,515
Retained portion of assigned loans	Hypothecation of the underlying asset financed, primarily includes plant and equipment		
	mortgages over residential properties	1,212	1,658
Total		55,94,275	44,64,828

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, 2022, the Company has given loan against shares / equity oriented mutual funds / debt securities amounting to Rs. 6,49,057 Lakh (March 31, 2021 : Rs. 4,20,671 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, 2022, the Company is in possession of assets held for sale gross carrying value Rs. 3,055 lakh ((March 31, 2021 : Rs. 3,056 lakh) and provision towards the same Rs. 3,055 lakh (March 31, 2021 : Rs. 3,056 lakh)).

The Company has written-off loans of Rs. 54,665 lakh in financial year ended March 31, 2022 (March 31, 2021 : Rs. 81,455 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, 2022

(Rs. in lakh)

36. Risk Management 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, 2022	March 31, 2021
Financial assets			
Loans			
Bills purchased and bills discounted	Charge on Trade receivables and inventories	-	-
Term loans	A) Charges over:	3,785	6,315
	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		
Total		3,785	6,315

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

TATA Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk Management 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, rescheduling 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,

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.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk Management 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 year ended March 31, 2022				For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	41,67,566	1,71,881	1,32,917	44,72,364	42,10,628	1,12,641	1,05,791	44,29,060
New assets originated or purchased (Including charges levied on existing exposure)	32,29,306	3,468	79	32,32,853	18,47,004	290	255	18,47,549
Assets derecognised or repaid (excluding write offs)	(19,52,595)	(61,567)	(22,340)	(20,36,502)	(16,76,532)	(30,900)	(12,764)	(17,20,196)
Transfers to Stage 1	16,044	(11,361)	(4,683)	-	27,435	(25,497)	(1,937)	-
Transfers to Stage 2	(1,84,710)	1,86,364	(1,654)	-	(1,49,391)	1,50,445	(1,054)	-
Transfers to Stage 3	(46,070)	(28,269)	74,339	-	(82,477)	(28,406)	1,10,882	-
Amounts written off	(5,878)	(4,933)	(53,754)	(64,565)	(9,100)	(6,692)	(68,256)	(84,049)
Gross carrying amount closing balance	52,23,663	2,55,583	1,24,904	56,04,150	41,67,566	1,71,881	1,32,917	44,72,364

Note : Gross carrying amount does not include loan commitments Rs. 3,36,370 lakh (March 31, 2021 : Rs. 2,24,443 lakh).

b) Particulars	For the year ended March 31, 2022				For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	34,917	49,238	94,077	1,78,232	49,437	25,953	82,714	1,58,104
Remeasurements due to changes in EAD / estimates	1,00,300	19,290	9,586	1,29,176	1,05,944	17,181	3,462	1,26,587
Assets derecognised or repaid (excluding write offs)	(16,292)	(12,026)	(13,796)	(42,114)	(26,435)	(8,377)	(10,725)	(45,537)
Transfers to Stage 1	257	(172)	(85)	-	727	(679)	(49)	-
Transfers to Stage 2	(43,686)	43,922	(236)	-	(36,864)	36,990	(126)	-
Transfers to Stage 3	(33,663)	(24,009)	57,672	-	(57,359)	(18,939)	76,298	-
Amounts written off	(339)	(3,511)	(48,825)	(52,676)	(533)	(2,891)	(57,497)	(60,922)
ECL allowance - closing balance	41,494	72,732	98,393	2,12,619	34,917	49,238	94,077	1,78,232

Note : Includes impairment allowance on loan commitments Rs. 1,773 lakh (March 31, 2021 : Rs. 1,197 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.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk Management 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, 2022	March 31, 2021
Loan exposure to modified financial assets		
(i) Gross carrying amount	2,26,612	67,851
(ii) Impairment allowance	74,337	19,888
(iii) Net carrying amount	1,52,274	47,963

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk Management 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, 2022				March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
SBU								
Consumer Finance & Advisory Business	18,47,594	2,04,654	82,343	21,34,591	15,80,248	1,33,443	93,369	18,07,059
Corporate & SME Finance Division	33,68,712	50,929	42,561	34,62,202	25,80,782	38,438	39,548	26,58,768
Others	7,356	-	-	7,356	6,536	-	-	6,536
Total	52,23,663	2,55,583	1,24,904	56,04,150	41,67,566	1,71,881	1,32,917	44,72,364

Note : Gross carrying amount does not include loan commitments Rs. 3,36,370 lakh (March 31, 2021 : Rs. 2,24,443 lakh).

STAGE	March 31, 2022				March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
SBU								
Consumer Finance & Advisory Business	29,911	62,948	60,700	1,53,559	22,525	43,247	59,889	1,25,661
Corporate & SME Finance Division	11,554	9,784	37,693	59,031	12,366	5,991	34,188	52,545
Others	29	-	-	29	26	-	-	26
Total	41,494	72,732	98,393	2,12,619	34,917	49,238	94,077	1,78,232

Note : Includes impairment allowance on loan commitments Rs. 1,773 lakh (March 31, 2021 : Rs. 1,197 lakh)

TATA Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk Management review (Continued)

B. Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Company, see Note 35.

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, 2022

(Rs. in lakh)

36. Risk Management review (Continued)

B. Liquidity risk

i. 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, 2022	Carrying amount	Gross nominal inflow/ (outflow)	Less than 1 month	1-3 months	3 months -1 year	1-5 years	More than 5 years	upto 1 Year	more than 1 Year
Financial liability by type									
Trade payables *	84,479	84,479	-	-	84,479	-	-	84,479	-
Debt securities issued	22,90,671	22,90,671	1,02,060	15,300	8,31,065	8,59,558	4,82,687	9,48,425	13,42,246
Borrowings (Other than debt securities)	18,94,093	18,94,093	1,74,946	2,46,083	4,18,883	10,54,180	-	8,39,913	10,54,180
Subordinated liabilities	4,32,060	4,32,060	-	-	13,580	1,50,855	2,67,625	13,580	4,18,480
External commercial borrowings	2,91,413	2,91,413	-	-	1,71,590	1,19,823	-	1,71,590	1,19,823
Lease liability	8,511	8,511	250	504	1,833	4,287	1,638	2,587	5,924
Other financial liabilities *	1,00,810	1,00,810	493	-	52,453	47,864	-	52,946	47,864
Derivative liabilities	28,987	28,987	29	31	28,162	764	-	28,222	764
Total	51,31,024	51,31,024	2,77,778	2,61,918	16,02,045	22,37,331	7,51,950	21,41,742	29,89,281
Market Borrowings	29,41,159	29,41,159	1,80,488	20,300	8,78,796	11,11,263	7,50,312	10,79,584	18,61,575
Bank borrowings	19,67,078	19,67,078	96,518	2,41,083	5,56,324	10,73,153	-	8,93,925	10,73,153
Total Borrowings	49,08,237	49,08,237	2,77,006	2,61,383	14,35,119	21,84,416	7,50,312	19,73,509	29,34,728
Financial asset by type									
Cash and cash equivalents	1,11,722	1,11,722	1,00,550	-	11,172	-	-	1,11,722	-
Bank balances	178	178	-	-	178	-	-	178	-
Receivables *	926	926	-	-	926	-	-	926	-
Loans	53,80,979	53,80,979	4,63,449	9,05,123	13,14,043	20,59,287	6,39,077	26,82,615	26,98,364
Investments	2,67,416	2,67,416	2,52,237	-	-	1,655	13,524	2,52,237	15,179
Other Financial Assets *	30,209	30,209	14	-	22,191	8,004	-	22,205	8,004
Derivative assets	987	987	-	-	9	978	-	9	978
Total	57,92,417	57,92,417	8,16,250	9,05,123	13,48,519	20,69,924	6,52,601	30,69,892	27,22,525

* 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, 2022

(Rs. in lakh)

36. Risk Management review (Continued)

B. Liquidity risk

i. 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
Financial liability by type									
Trade payables *	64,128	64,128	-	-	64,128	-	-	64,128	-
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)	12,52,806	12,52,806	25,095	2,84,375	6,04,481	3,38,856	-	9,13,950	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 *	1,21,047	1,21,047	30,921	-	43,579	44,084	2,463	74,500	46,547
Issued loan commitments	-	-	-	-	-	-	-	-	-
Derivative liabilities	18,222	18,222	616	147	2,339	15,120	-	3,102	15,120
Total	40,35,416	40,35,416	85,545	4,00,845	13,66,094	16,64,662	5,18,271	18,52,482	21,82,934
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	13,47,840	13,47,840	23,651	2,75,375	4,99,423	5,49,392	-	7,98,448	5,49,392
Total Borrowings	38,23,927	38,23,927	53,795	4,00,275	12,54,094	16,00,662	5,15,102	17,08,163	21,15,764
Financial asset by type									
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 *	62,333	62,333	-	-	55,904	6,429	-	55,904	6,429
Derivative assets	-	-	-	-	-	-	-	-	-
Total	45,79,454	45,79,454	4,72,021	6,23,566	10,93,218	17,29,860	6,60,790	21,88,804	23,90,650

* 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, 2022

(Rs. in lakh)

36. Risk Management review (Continued)

B. Liquidity risk

ii. Financial assets position pledged/ not pledged

The total financial assets demonstrating position of pledged and not pledged assets are shown in the below table:

ASSETS	As at March 31, 2022			As at March 31, 2021		
	Pledged	Not Pledged	Total	Pledged	Not Pledged	Total
Financial assets						
Cash and cash equivalents	-	1,11,722	1,11,722	-	1,00,316	1,00,316
Bank Balance other than (a) above	-	178	178	-	109	109
Derivatives financial instruments	-	987	987	-	-	-
Trade Receivables	-	926	926	-	1,962	1,962
Loans	53,73,623	7,356	53,80,979	42,77,292	6,536	42,83,828
Investments	-	2,67,416	2,67,416	-	1,30,906	1,30,906
Other financial assets	-	30,209	30,209	-	62,333	62,333
Non-financial Assets						
Current tax asset	-	11,932	11,932	-	11,551	11,551
Deferred tax Assets (Net)	-	65,690	65,690	-	56,698	56,698
Investment property	-	-	-	-	-	-
Property, Plant and Equipment	19	46,977	46,996	21	67,511	67,532
Capital work-in-progress	-	22	22	-	-	-
Intangible assets under development	-	569	569	-	633	633
Right to use assets	-	7,801	7,801	-	7,294	7,294
Other Intangible assets	-	1,867	1,867	-	2,018	2,018
Other non-financial assets	-	19,090	19,090	-	16,377	16,377
Total Assets	53,73,642	5,72,742	59,46,384	42,77,313	4,64,244	47,41,557

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk Management 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 on earnings, of interest rate movement considering the rate sensitive assets and rate sensitive liabilities upto one year period. 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, 2022

Particulars	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Rate sensitive assets	38,99,458	29,824	(29,824)
Rate sensitive liabilities	30,97,689	21,580	(21,580)
Net Gap (Asset - liability)	8,01,769	8,244	(8,244)

As on March 31, 2021

Particulars	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Rate sensitive assets	33,02,991	25,170	(25,170)
Rate sensitive liabilities	20,97,821	13,579	(13,579)
Net Gap (Asset - liability)	12,05,170	11,591	(11,591)

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, 2022	As at March 31, 2021
Variable rate borrowings	41%	34%
Fixed rate borrowings	59%	66%
Total borrowings	100%	100%

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, 2022 expressed in INR, are as follows

(Rs. in lakh)

Particulars	March 31, 2022				March 31, 2021			
	USD	EURO	JPY	SGD	USD	EURO	JPY	SGD
Letter of Credit/Buyers Credit	428	196	-	-	619	675	1,132	125

Particulars	Impact on profit after tax March 31, 2022				Impact on profit after tax March 31, 2021			
	USD	EURO	JPY	SGD	USD	EURO	JPY	SGD
Sensitivity - Increase by 1%	(4.28)	(1.96)	-	-	(6.19)	(6.75)	(11.32)	(1.25)
Sensitivity - Decrease by 1%	4.28	1.96	-	-	6.19	6.75	11.32	1.25

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

36. Risk Management review (Continued)

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

Changes in Liabilities arising from financing activities

Particulars	April 1, 2021	Cash Flows	Exchange Difference	Others*	March 31, 2022
Debt Securities	20,05,053	2,92,942	-	(7,324)	22,90,671
Borrowings (Other than debt securities)	14,63,342	7,24,497	5,810	(8,143)	21,85,506
Subordinated liabilities	3,55,532	74,515	-	2,013	4,32,060
Total	38,23,927	10,91,954	5,810	(13,454)	49,08,237

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

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	(2,28,089)	7,342	2,617	14,63,342
Subordinated liabilities	3,06,930	47,243	-	1,359	3,55,532
Total	39,01,936	- 84,439	7,342	13,772	38,23,927

*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, 2022

(Rs. in lakh)

36. Risk Management 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, 2022

(Rs. in lakh)

36. Risk Management 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, 2022	March 31, 2021
Tier I capital		
Ordinary share capital	1,65,987	1,62,993
Securities premium reserve	3,61,903	3,34,897
Retained earnings	1,33,804	81,350
Debenture redemption reserve	30,000	30,000
Perpetual debt	1,03,175	93,972
Special reserve	80,957	64,613
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	1,310	1,184
Less		
-Deferred Revenue Expenditure (includes contingent liabilities on tax matters Rs. 10,693 lakh (March 31, 2021 : 4,640 lakh)	29,834	19,852
-Software (including intangible assets under development)	2,436	2,651
-Deferred Tax Asset	65,690	56,698
-Investment in PTCs	84,188	-
Tier I Capital	6,94,988	6,87,836
Subordinate Debt	2,59,325	2,12,625
Impairment loss allowance - stage I	41,494	34,917
Perpetual debt	15,480	15,163
Tier II Capital	3,16,299	2,62,705
Tier I + Tier II Capital	10,11,287	9,50,540

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(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, 2022

(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.

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Segment Revenue		
a) Financing Activity	5,70,778	5,34,381
b) Investment Activity	18,837	20,299
c) Others	39,100	42,366
Total	6,28,715	5,97,047
Less : Inter Segment Revenue	-	-
Add : Interest on Income Tax Refund	5	2,410
Total Income	6,28,720	5,99,457
Segment Results		
a) Financing Activity	92,167	69,119
b) Investment Activity	18,017	20,299
c) Others	16,402	6,698
Total	1,26,586	96,116
Less : Unallocated Corporate Expenses	18,565	13,612
Profit before taxation	1,08,021	82,504
Less : Provision for taxation	26,302	14,805
Profit after taxation	81,719	67,699

Particulars	As at March 31, 2022	As at March 31, 2021
Segment Assets		
a) Financing Activity	55,17,985	44,40,576
b) Investment Activity	2,68,348	1,30,942
c) Others	49,941	77,340
d) Unallocated	1,10,110	92,699
Total	59,46,384	47,41,557
Segment Liabilities		
a) Financing Activity	50,80,185	39,62,635
b) Investment Activity	-	-
c) Others	41,832	67,016
d) Unallocated	48,093	38,372
Total	51,70,110	40,68,023

Particulars	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
Capital Expenditure (Including Capital Work-In-Progress)		
a) Financing Activity	51	-
b) Investment Activity	-	-
c) Others	1,568	3,631
d) Unallocated	219	1,893
Total	1,838	5,524
Depreciation and Amortisation		
a) Financing Activity	3,535	3,587
b) Investment Activity	-	-
c) Others	20,158	26,148
d) Unallocated	2,289	2,239
Total	25,982	31,974

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(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, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets	30,69,892	27,22,525	57,92,417	21,88,804	23,90,650	45,79,454
Cash and cash equivalents	1,11,722	-	1,11,722	1,00,316	-	1,00,316
Bank Balance other than (a) above	178	-	178	109	-	109
Trade Receivables	926	-	926	1,962	-	1,962
Loans	26,82,615	26,98,364	53,80,979	19,20,110	23,63,718	42,83,828
Investments	2,52,237	15,179	2,67,416	1,10,403	20,503	1,30,906
Other financial assets	22,205	8,004	30,209	55,904	6,429	62,333
Derivative assets	9	978	987	-	-	-
Non-financial Assets	-	1,53,967	1,53,967	13,157	1,48,946	1,62,103
Current tax asset	-	11,932	11,932	-	11,551	11,551
Deferred tax Assets (Net)	-	65,690	65,690	-	56,698	56,698
Property, Plant and Equipment	-	46,996	46,996	11,428	56,104	67,532
Capital work-in-progress	-	22	22	-	-	-
Intangible assets under development	-	569	569	-	633	633
Other Intangible assets	-	1,867	1,867	-	2,018	2,018
Right of use assets	-	7,801	7,801	-	7,294	7,294
Other non-financial assets	-	19,090	19,090	1,729	14,648	16,377
Total Assets	30,69,892	28,76,492	59,46,384	22,01,961	25,39,596	47,41,557
LIABILITIES						
Financial Liabilities	21,41,742	29,89,282	51,31,024	18,52,482	21,82,934	40,35,416
Trade Payables	84,479	-	84,479	64,128	-	64,128
Debt Securities	9,48,425	13,42,246	22,90,671	7,82,160	12,22,893	20,05,053
Borrowings (Other than debt securities)	10,11,503	11,74,003	21,85,506	9,13,950	5,49,392	14,63,342
Subordinated liabilities	13,580	4,18,480	4,32,060	12,052	3,43,480	3,55,532
Lease liability	2,587	5,924	8,511	2,590	5,502	8,092
Other financial liabilities	52,946	47,864	1,00,810	74,500	46,547	1,21,047
Derivative financial instruments	28,222	765	28,987	3,102	15,120	18,222
Non-Financial Liabilities	30,084	9,002	39,086	22,859	9,748	32,607
Current tax liability	26,719	-	26,719	20,316	-	20,316
Provisions	3,365	-	3,365	2,543	-	2,543
Other non-financial liabilities	-	9,002	9,002	-	9,748	9,748
Total liabilities	21,71,826	29,98,284	51,70,110	18,75,341	21,92,682	40,68,023
Net	8,98,066	(1,21,792)	7,76,274	3,26,620	3,46,913	6,73,534

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

39. Leases :

As a lessee the Company classified property leases as operating leases under Ind AS 116. These include office premises taken on lease. The leases generally are with a periodicity of one to thirteen 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, 2022	As at March 31, 2021
Opening balance	7,294	8,739
Additions during the year	4,386	2,032
Deletion during the year	(721)	(279)
Depreciation charge for the year	(3,158)	(3,198)
Closing balance	7,801	7,294

(II). Movement of Lease liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	8,092	9,427
Additions during the year	4,192	1,766
Deletion during the year	(883)	(517)
Finance cost	692	806
Payment of lease liabilities	(3,582)	(3,389)
Closing balance	8,511	8,092

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

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

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one month	305	270
Between one and three months	609	532
Between three months and one year	2,225	2,376
Between one and five years	5,259	5,574
More than five years	1,818	775
Total	10,216	9,527

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on lease liabilities	(692)	(806)
Depreciation of ROU asset	(3,158)	(3,198)
Gain/(loss) on termination of leases	169	93
Rent concession related to COVID-19	40	177

(V). Amounts recognised In statement of cash flows

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Total cash outflow for leases	3,582	3,389

- 1 Company 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 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, 2022

(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, 2022	For the year ended March 31, 2021
i. Type of service		
- Fee and commission income	13,282	9,407
- Branch advertisement income	75	40
- Income from distribution of financial products	6,987	4,712
Total	20,344	14,159
ii. Primary geographical market:		
- Outside India	-	-
- India	20,344	14,159
Total revenue from contracts with customers	20,344	14,159
iii. Timing of revenue recognition		
- at a point in time upon rendering services	19,488	13,729
- over period of time upon rendering services	856	430
Total	20,344	14,159
iv. Trade receivables towards contracts with customers		
- Opening Balance	1,213	1,585
- Closing Balance	699	1,213
v. Impairment on trade receivables towards contracts with customers	(19)	(45)

The unbilled revenue of Rs. 1,438 lakh as at March 31, 2022 (March 31, 2021 : Rs. 669 lakh) has been considered as Contract assets, which are billable on completion of milestones specified in the contracts.

As on March 31, 2022 and March 31, 2021, the Company doesn't have any unsatisfied/partially satisfied performance obligation.

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, 2022	For the year ended March 31, 2021
Revenue reported as per IndAS 108 Segment Reporting	6,28,720	5,99,457
<i>Less:</i>		
(a) Revenue reported as per IndAS 109-Financial Instruments	5,76,797	5,44,260
(b) Revenue reported as per IndAS 116-Leases	30,660	38,140
(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	914	(46)
(e) Revenue reported as per IndAS 12-Income Taxes	5	2,410
Revenue reported as per IndAS 115 Revenue from contract with customers	20,344	14,159

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(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 2018	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2021 RSU
i. Vesting requirements	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	20% at the end of each 12 and 22 months and 30% at the end of each 34 and 46 months from the date of grant	100% at the end of 36 months from the date of grant
ii. Maximum term of option	7 years	7 years	7 years	7 years	3 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, 2022

Particulars	ESOP 2018	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2021 RSU	Total
Outstanding balance at the beginning of the period	15,55,000	15,75,000	20,32,500	-	-	51,62,500
Options granted	-	-	-	15,56,250	6,70,870	22,27,120
Options forfeited	85,000	1,00,000	1,85,000	-	-	3,70,000
Options exercised	-	-	-	-	-	-
Options expired	-	-	-	-	-	-
Options lapsed	-	-	-	-	-	-
Options outstanding at the end of the period	14,70,000	14,75,000	18,47,500	15,56,250	6,70,870	70,19,620
Options exercisable at the end of the period	10,29,000	5,90,000	3,69,500	-	-	19,88,500
For share options exercised:						
Weighted average exercise price at date of exercise						-
Money realized by exercise of options (in actual rupees)						-
For share options outstanding						
Range of exercise prices	50.60	51.00	40.30	51.80	51.80	
Average remaining contractual life of options	3.50	4.34	5.34	6.34	2.50	5.06
Modification of plans						
Incremental fair value on modification	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

March 31, 2021

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

C. Valuation of stock options

Particulars	ESOP 2018	ESOP 2019	ESOP 2020	ESOP 2021
Share price:	50.60	51.00	40.30	51.80
Exercise Price:	50.60	51.00	40.30	51.80
Fair value of option:	23.34	23.02	17.07	22.33
Valuation model used:	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation	Black Scholes valuation
Expected Volatility:	0.38	0.41	0.42	0.41
Basis of determination of expected volatility:	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	Historical volatility of equity shares of comparable companies over the period ended October 01, 2021 based on the life of options
Contractual Option Life (years):	7.00	7.00	7.00	7.00
Expected dividends:	0.00	0.00	0.00	0.00
Risk free interest rate:	8.04%	6.28%	5.22%	5.87%
Vesting Dates	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	20% vesting on September 30, 2022 40% vesting on July 31, 2023 70% vesting on July 31, 2024 100% vesting on July 31, 2025
Valuation of incremental fair value on modification	N.A.	N.A.	N.A.	N.A.

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

As at March 31, 2022

Name of Scheme	Mr. Sarosh Kersi Amaria		Mr. Jaykumar Deepak Shah		Ms. Sonali Punekar	
	Granted	Exercised	Granted	Exercised	Granted	Exercised
ESPS 2009	1,23,250	1,23,250	5,014	5,014	-	-
ESPS 2011	-	-	-	-	-	-
ESOP 2011	80,000	80,000	-	-	-	-
PS 2013	13,286	13,286	541	541	-	-
ESPS 2013	-	-	-	-	-	-
ESOP 2013	-	-	20,000	20,000	-	-
ESOP 2016	10,000	10,000	10,000	10,000	-	-
ESOP 2017	10,000	10,000	10,000	10,000	-	-
ESOP 2018	4,00,000	-	-	-	-	-
ESOP 2019	4,00,000	-	-	-	-	-
ESOP 2020	4,40,000	-	-	-	-	-
ESOP 2021	4,50,000	-	-	-	-	-
ESOP 2021 RSU	1,93,986	-	-	-	-	-
Total	21,20,522	2,36,536	45,555	45,555	-	-

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	-	-	-	-	-	-	-	-	-	-
Total	10,36,536	2,36,536	45,555	45,555	-	-	12,00,000	-	3,94,305	1,69,305

* 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.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(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, 2022	As at March 31, 2021
Income Tax (Pending before Appellate authorities)	8,991	3,965
VAT (Pending before Appellate authorities)	1,701	675
Suits filed against the Company	649	645
Bank Guarantees	1,604	830
Letters of Credit	30,448	-

As at March 31, 2022, claims against the Company not acknowledged as debts in respect of income tax matters amounted to Rs. 8,991 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, 2022 Rs. 5,52,570 lakh (Year ended March, 31, 2021 : Rs. 4,10,240 lakh)

Less than 1 Year: Rs. 3,25,358 lakh (Year ended March, 31, 2021 : Rs. 3,00,033 lakh)

More than 1 Year: Rs. 2,27,212 lakh (Year ended March, 31, 2021 : Rs. 1,10,207 lakh)

(b) Leases entered but not executed Rs. 1,55,561 lakh (Year ended March, 31, 2021 : Rs. 84,421 lakh)

(c) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1,373 lakh (as at March 31, 2021 : Rs. 1,174 lakh).

- Tangible: Rs. 366 lakh (Year ended March, 31, 2021 : Rs. 95 lakh)

- Intangible: Rs. 1,007 lakh (Year ended March, 31, 2021 : Rs. 1,079 lakh)

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

43. Earnings per Share (EPS):

Particulars		2021-22	2020-21
Profit after tax	Rs. in lakh	81,719	67,699
Weighted average number of Equity Shares used in computing earnings per share	Nos.	1,63,05,06,175	1,62,99,31,981
Weighted average number of equity shares in computing Basic / Diluted earnings per share	Nos.	1,63,05,06,175	1,62,99,31,981
Face value of equity shares	Rupees	10	10
Earnings per share (Basic and Diluted)	Rupees	5.01	4.15

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

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	84,137	75,371
Add : Additions during the year (net)	30,089	8,766
Closing Balance	1,14,226	84,137

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

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	1,059	1,915
Add : Additions during the year (net)	632	(856)
Closing Balance	1,691	1,059

46. Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2022	As at March 31, 2021
CRAR (%)	17.25%	20.29%
CRAR – Tier I Capital (%)	11.86%	14.68%
CRAR – Tier II Capital (%)	5.39%	5.61%
Amount of subordinated debt raised as Tier-II Capital	65,000	47,408
Amount raised by issue of Perpetual Debt Instruments	10,000	17,500

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

47. Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities.

As on March 31, 2022

(Rs in lakh)

Particulars	Liabilities			Advances	Assets	
	Borrowings from Banks	Market Borrowings	Foreign Currency Borrowings		Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	96,518	1,80,488	-	4,63,449	2,52,237	-
Over One months to 2 months	2,11,500	7,800	-	3,89,547	-	-
Over 2 months upto 3 months	29,583	12,500	-	5,15,576	-	-
Over 3 months to 6 months	1,55,566	4,17,606	42,837	4,85,015	-	-
Over 6 months to 1 year	2,29,167	4,61,190	1,28,753	8,29,028	-	-
Over 1 year to 3 years	8,58,880	9,94,913	1,19,823	15,70,171	1,655	-
Over 3 years to 5 years	94,451	1,16,350	-	4,89,116	-	-
Over 5 years	-	7,50,312	-	6,39,077	13,524	-
Total	16,75,665	29,41,159	2,91,413	53,80,979	2,67,416	-

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

As on March 31, 2021

Particulars	Liabilities			Advances	Assets	
	Borrowings from Banks	Market Borrowings	Foreign Currency Borrowings		Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	23,651	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	3,01,355	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	-
Total	11,37,304	24,76,087	2,10,536	42,83,828	1,30,906	-

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

48. Loans and advances - Financing Activity (Secured) include Rs. Nil (Year ended March, 31, 2021 : 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, 2022, the Company is in possession of non current assets held for sale (NCAHS) of which gross carrying value is Rs. 3,055 lakh (March 31, 2021 : Rs. 3,056 lakh) and provision towards the same is Rs. 3,055 lakh (March 31, 2021 : 3,056 lakh). Investments include Rs. 1,768 lakh (March, 31, 2021 : Rs. 2,079 lakh) being the value of the unquoted equity shares Rs. 1,756 lakh (March 31, 2021 : Rs. 2,071 lakh) and quoted equity shares Rs. 12.23 lakh (March 31, 2021 : 8 lakh) acquired in satisfaction of the respective loans under the Settlement Agreement.
49. The company has earned commission from non-life insurance companies amounting to Rs. 629 lakh (March 31, 2021 : Rs. 525 lakh) and from life insurance companies amounting to Rs. 495 lakh (March 31, 2021 : Rs. 445 lakh)
50. The value of a unhedged foreign currency transaction for Letter of Credit and Buyers Credit as on March 31, 2022 is Rs. 626 lakh (March 31, 2021 : Rs 2,551 lakh) is on account of assets acquired to be given on operating lease/finance lease/synthetic lease to the customers.
51. The company has reported 14 frauds aggregating Rs. 9,840 lakh (March 31, 2021 : 15 frauds aggregating Rs. 48 lakh) based on management reporting to risk committee and to the RBI through prescribed returns. The nature of fraud involved is misappropriation of funds, cheating and forgery.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

52. Disclosure of details as required by Revised Para 18 of the Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, earlier Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.

Liabilities Side:

Particulars	(Rs. in lakh)			
	Amount Outstanding		Amount Overdue	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
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	17,77,402	16,40,986	-	-
- Unsecured	5,09,407	4,11,016	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	18,08,323	10,12,067	-	-
d) Inter-corporate loans and borrowing	77,958	1,15,502	-	-
e) Commercial Paper	4,35,922	3,08,583	-	-
f) Other loans (Compulsorily Convertible Cumulative Preference share)	-	-	-	-
g) Loan from Bank	-	-	-	-
- Working Capital Demand Loan	2,99,223	3,35,754	-	-
- Overdraft	2	19	-	-

Assets side:

Particulars	(Rs. in lakh)	
	Amount Outstanding 2021-22	2020-21
2) Break up of loans and advances including bills receivables *		
(other than those included in (3) below)		
- Secured (Gross)	23,64,124	19,71,977
- Unsecured (Gross)	18,80,574	14,24,554
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	1,61,002	92,404
- Operating Lease	40,081	61,273
b) Stock on hire including hire charges under sundry debtors		
- Assets on hire	37	111
- Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
- Loans where assets have been repossessed	-	-
- Other loans	11,98,413	9,83,318

* Breakup of loans and advances does not include unamortised loan sourcing costs amounting to Rs. 12,928 lakh (March 31, 2021 : Rs. 8,004 lakh) and revenue received in advance Rs. 25,253 lakh (March 31, 2021 : Rs. 19,522 lakh).

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

Assets side: (Continued)

Particulars	Amount Outstanding	
	2021-22	2020-21
4) Break up of Investments		
Current Investments:		
a) Quoted:		
- Shares: Equity	7,195	10,980
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	60,003	-
- Government Securities	1,35,990	21,347
- Others Treasury bills	56,244	89,056
b) Unquoted:		
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	-	-
- Others (Pass through certificate)	-	-
Long-Term Investments:		
a) Quoted:		
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	1,655	1,602
- Government Securities	-	-
- Others Treasury bills	-	-
b) Unquoted:		
- Shares: Equity	6,321	7,831
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	-	-
- Others (Security receipts)	8	90

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

Particulars	Secured		Unsecured		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
a) Related parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	46,020	11,684	7,356	17,973	53,376	29,657
(iii) Other related parties	16,151	15,805	46,279	16,400	62,430	32,205
b) Other than related parties	36,61,405	30,20,321	18,26,938	13,90,181	54,88,344	44,10,502
TOTAL	37,23,576	30,47,810	18,80,574	14,24,554	56,04,150	44,72,364

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(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)	
	2021-22	2020-21	2021-22	2020-21
a) Related parties				
i) Subsidiaries	-	-	-	-
ii) Companies in the same group	-	-	-	-
iii) Other related Parties	1,805	4,034	1,860	4,142
b) Other than related parties	2,65,556	1,26,764	2,65,556	1,26,764
TOTAL	2,67,361	1,30,798	2,67,416	1,30,906

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	2021-22	2020-21
a) Gross Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	1,24,904	1,32,917
b) Net Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	26,511	38,840
c) Assets acquired in satisfaction of debt	-	433

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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:

Relationship	Name of related party
Ultimate Holding Company	Tata Sons Private Limited
Holding Company	Tata Capital Limited
Subsidiaries of Holding Company	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 Tata Capital Growth Fund I Tata Capital Healthcare Fund I Tata Capital Innovations Fund Tata Capital Special Situation Fund Tata Capital Growth Fund II Tata Capital Healthcare Fund II Tata Capital Markets Pte. Ltd.(ceased to exist w.e.f. 23.09.2020) Tata Opportunities II General Partners LLP (ceased to exist w.e.f. 23.09.2020) Tata Opportunities II Alternative Investment Fund (ceased to exist w.e.f. 31.03.2021)
Associates and Fellow Associates (with which the company had transactions)	TVS Supply Chain Solutions Limited Shriram Properties Limited (ceased to be related party w.e.f.22.12.2021) Fincare Business Services Limited Fincare Small Finance Bank Limited Tata Autocomp Systems Limited Tata Projects Limited Roots Corporation Limited Tata Technologies Limited Tema India Limited Indusface Private 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) Mr. F.N. Subedar - (Non-Executive Director) Ms. Anuradha E. Thakur - (Independent Director) Ms. Varsha Purandare - (Independent Director) Mr. Jaykumar Shah (Chief Financial Officer) (w.e.f. 14.08.2020) Ms. Sonali Punekar (Company Secretary) (w.e.f. 01.12.2020) Mr. Kusal Roy (Managing Director) (resigned w.e.f. 04.05.2020) Ms. Avan Doomasia (Company Secretary) (resigned w.e.f. 30.11.2020)

53. 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:

Relationship	Name of related party
Subsidiaries, Associates and Joint Venture of ultimate holding company (with which the company had transactions)	Automotive Stampings and Assemblies Limited Infiniti Retail Limited Niskalp Infrastructure Services Limited Tata Advanced Systems Limited Tata AIG General Insurance Company Limited Tata Asset Management Private 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 Industries Limited Tata International Limited Tata Teleservices (Maharashtra) Limited Tata Teleservices Limited Conneqt Business Solutions Limited (ceased to be related party w.e.f. 16.04.2021) Tata Consumer Products 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 & Wire Products Ltd. Maithon Power Limited Nelco Limited Piem Hotels Limited Tata Metaliks Ltd. Tata Motors Finance Limited Tata Power Solar Systems Limited Tata Power Trading Company Limited Tata Steel Utilities and Infrastructure Services 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 Tata Boeing Aerospace Limited Tata International DLT Private Limited Tata Lockheed Martin Aerostructures Limited Tata Precision Industries (India) Limited Tata Sikorsky Aerospace Limited Tata Toyo Radiator Limited Sir Dorabji Tata Trust Tata Steel BSL Limited Tata Ficosa Automotive Systems Private Limited TP Luminaire Private Limited Pantone Finvest Limited Tata Digital Private Limited TP Central Odisha Distribution Limited Emerald Haven Realty Limited Supermarket Grocery Supplies Private Limited Tata Business Hub Limited Tata Electronics Private Limited Tata Elxsi Limited Innovative Retail Concepts Private Limited Savis Retail Private Limited TP Northern Odisha Distribution Limited TP Western Odisha Distribution Limited Ideal Ice & Cold Storage Company Limited Land kart Builders Private Limited Tata Medical and Diagnostics Limited Tata Motors Passenger Vehicles Limited Tata Passenger Electric Mobility Limited Tata Steel Limited TP Southern Odisha Distribution Limited Tata Marcopolo Motors Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
1	Tata Sons Private Limited	Income Interest Income on Finance Lease Operating Lease rental Expenses BEBP Expenses Professional Fees * Staff Welfare Expenses Training Expenses Other transactions Sale of Assets Finance Lease Facility repayment received during period Assets Finance Lease Facility Principal receivable * Finance lease accrued income & other receivables / (Payable) Balance Receivable Liabilities Balance Payable	 16 742 1,567 7 0 - 9 205 71 0 3 1,567	 42 811 1,666 38 0 1 - 190 276 (36) - 1,666
2	Tata Capital Limited	Income PMS Income Referral Fees Recovery Rent and other expenses Expenses Dividend paid during period - Equity Shares Interest expenses on Inter Corporate Deposit Interest expenses on Perpetual Non-Convertible debentures Service provider charges Insurance Expenses Rent and Guest house expenses Electricity Expenses Security Charge Other transactions Inter-Corporate Deposit received Inter-Corporate Deposit repaid Infusion in Equity Share (inclusive of premium) Purchase of Asset Assets Security Deposit receivable * Balance Receivable Liabilities Equity shares held Inter-Corporate Deposit Payable Accrued Interest on ICD Outstanding Perpetual Non-Convertible debentures Accrued Interest on Perpetual Debentures Balance Payable	 - - 4 12,061 9,462 1,113 2,264 7 1,076 42 - 4,89,579 5,27,144 30,000 1 5,847 0 1,65,987 77,493 495 12,500 18 579	 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 1,15,058 480 12,500 18 510

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
3	Tata Capital Housing Finance Limited	Income		
		Referral Fees	15	9
		Recovery Rent and other expenses	737	811
		Expenses		
		Rent and Guest house expenses	88	95
		Valuation charges	80	-
		Other Transactions		
		* Purchase of Fixed Assets	0	-
		Sale of Assets	28	-
		Transfer of loan portfolio and processing fees	-	6,090
		Assets		
		Balance Receivable	88	809
		Liabilities		
Balance Payable	18	38		
4	Tata Cleantech Capital Limited	Income		
		Recovery Rent and other expenses	99	102
		Management Fees	8	6
		Expenses		
		Rent and Guest house expenses	9	2
		Professional Fees	9	9
		Other transactions		
		Reimbursement of expenses	3	-
		Paid during period towards purchase of loan portfolio	4,000	-
		Received during period towards sale of loan portfolio	28,864	4,023
		Assets		
Balance Receivable	9	12		
5	Tata Securities Limited	Income		
		Recovery Rent and other expenses	46	37
		Expenses		
		Professional Fees	37	4
		Other transactions		
		* Purchase of Fixed Assets	0	-
		Assets		
		Balance Receivable	-	8
Liabilities				
Balance Payable	25	-		
6	Tata Capital Advisors Pte. Limited	Income		
		SLA Fees	8	8
		Assets		
Balance Receivable	8	8		

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
7	Tata Capital General Partners LLP	Income		
		SLA Fees	1	1
		Assets		
		Balance Receivable	1	1
8	Tata Capital Growth II General Partners LLP	Income		
		SLA Fees	1	1
		Assets		
		Balance Receivable	1	1
9	Tata Capital Healthcare General Partners LLP	Income		
		SLA Fees	1	1
		Assets		
		Balance Receivable	1	1
10	TATA Capital Healthcare II General Partners LLP	Income		
		SLA Fees	1	1
		Assets		
		Balance Receivable	1	1
11	Tata Capital Plc	Income		
		SLA Fees	8	8
		Assets		
		Balance Receivable	8	8
12	Tata Capital Pte. Limited	Income		
		SLA Fees	15	15
		Assets		
		Balance Receivable	15	15
13	Tata Opportunities General Partners LLP	Income		
		SLA Fees	1	1
		Assets		
		Balance Receivable	1	1

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
14	TVS Supply Chain Solutions Limited	Income		
		Interest Income on Loan	-	204
		Invoice Discounting	47	37
		Other transactions		
		Proceeds from Divestment of Equity during period	-	484
		Loan repayment received during period	-	12,725
		Invoice discounted during period	4,551	4,862
		Invoice discounted repayment received during period	4,635	4,500
		Assets		
		Invoice Discounted receivable	508	592
		Invoice Discounting other receivables	2	3
Investment in Equity Shares	981	981		
Commitments				
		Off balance sheet exposure	492	398
15	Fincare Business Services Limited	Income		
		Interest Income on Loan	316	89
		Other transactions		
		Loan given during period	-	3,732
		Loan repayment received during period	1,830	-
		Assets		
		Loan Principal receivable	2,023	3,732
* Loan accrued interest receivable	0	1		
Investment in Equity Shares	734	734		
16	Fincare Small Finance Bank Limited	Income		
		Interest Income on Loan	409	408
		Other transactions		
		Investment in Equity during period	119	3,616
		Assets		
		Investment in Debentures	3,616	3,616
Loan accrued interest receivable	13	13		
Investment in Equity Shares	146	27		
17	Shriram Properties Limited Ceased to be associate w.e.f. Dec 22, 2021	Assets		
		Investment in Equity Shares	-	3,935
		Provision for Diminution in value of Investment	-	(1,535)

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
18	Tata Autocomp Systems Limited	Income		
		Operating Lease rental	718	643
		Other transactions		
		Security deposit received during period	21	8
		Security deposit repaid / adjusted during period	-	132
		Assets		
		Balance Receivable	694	-
		Liabilities		
		Security deposit payable	473	450
		Commitments		
		Off balance sheet exposure	6,552	6,752
19	Tata Projects Limited	Income		
		Interest Income on Finance Lease	852	412
		Operating Lease rental	6,185	7,209
		Management Fees	702	6
		Interest Income on Loan	1,137	-
		Other transactions		
		Sale of Assets	336	61
		Finance Lease Facility provided during period	4,270	1,831
		Finance Lease Facility repayment received during period	1,568	769
		Loan given during period	50,000	-
		Loan repayment received during period	8,800	-
		Security deposit received during period	84	154
		Security deposit repaid / adjusted during period	-	69
		Assets		
		Finance Lease Facility Principal receivable	6,480	3,761
		Finance lease accrued income & other receivables	2,449	621
		Loan Principal receivable	41,200	-
Loan accrued interest receivable	939	-		
Balance Receivable	288	-		
Liabilities				
Security deposit payable	778	694		
Commitments				
		Off balance sheet exposure	19,130	4,552
20	Roots Corporation Limited	Expenses		
		* Staff Welfare Expenses	0	-

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
21	Tata Technologies Limited	Income		
		Interest Income on Finance Lease	3	8
		Expenses		
		Information Technology Expenses	424	205
		Other transactions		
		Finance Lease Facility repayment received during period	28	42
		Assets		
* Finance Lease Facility Principal receivable	0	28		
* Finance lease accrued income & other receivables / (Payable)	(0)	1		
	Liabilities			
	Balance Payable	108	84	
22	Tema India Limited	Income		
		Interest Income on Loan	8	10
		Other transactions		
		Loan repayment received during period	16	14
		Assets		
Loan Principal receivable	56	72		
* Loan accrued interest receivable	0	1		
23	Indusface Private Limited	Expenses		
		Information Technology Expenses	13	-
		Liabilities		
	Balance Payable	4	-	
24	Tata Capital Limited Gratuity Scheme	Expenses		
		Contribution to Gratuity fund	73	329
25	Tata Capital Limited Employees Provident Fund	Expenses		
		Contribution to Provident Fund	1,259	1,116
		Other transactions		
		Employees Contribution to Provident Fund	1,939	1,567
	Liabilities			
	Balance Payable	114	90	
26	Tata Capital Limited Superannuation Scheme	Expenses		
		Contribution to Superannuation	92	80
		Assets		
	Balance Receivable	-	12	

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
27	TCL Employee Welfare Trust	Other transactions		
		Loan given during period	820	250
		Assets		
		Loan Principal receivable	7,356	6,536
		Balance Receivable	1	2
28	Automotive Stampings and Assemblies Limited	Income		
		Interest Income on Loan	207	521
		Management Fees	7	30
		Other transactions		
		Loan given during period	6,933	17,368
		Loan repayment received during period	11,100	17,675
		Assets		
		Loan Principal receivable	-	4,167
		Loan accrued interest receivable	-	35
		Commitments		
		Off balance sheet exposure	-	2,408
29	Infiniti Retail Limited	Income		
		Operating Lease rental	32	134
		Management Fees	-	10
		Interest Income on Finance Lease	30	-
		Interest Income on Loan	-	69
		Expenses		
		Commission Expenses	39	64
		Staff Welfare Expenses	-	36
		Other transactions		
		Finance Lease Facility provided during period	546	-
		Finance Lease Facility repayment received during period	82	4
		Security deposit received during period	49	7
		Security deposit repaid / adjusted during period	36	51
		Loan given during period	-	2,076
		Loan repayment received during period	-	2,076
		NSR Payment	1,497	1,597
		Purchase of Fixed Assets	-	1
		Assets		
		Finance Lease Facility Principal receivable	479	14
		Finance lease accrued income & other receivables / (Payable)	(3)	1
* Balance Receivable / (Payable)	(0)	-		
* Balance Receivable	0	-		
Liabilities				
Security deposit payable	45	31		
Commitments				
Off balance sheet exposure	694	5,339		
30	Niskalp Infrastructure Services Limited	Income		
		Recovery Rent and other expenses	-	1

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
31	Tata Advanced Systems Limited	Income		
		Interest Income on Finance Lease	54	33
		Syndication Fees	-	100
		Other transactions		
		Finance Lease Facility provided during period	199	47
		Finance Lease Facility repayment received during period	119	59
		Assets		
		Finance Lease Facility Principal receivable	313	181
		Finance lease accrued income & other receivables	94	119
		Commitments		
Off balance sheet exposure	716	304		
32	Tata AIG General Insurance Company Limited	Income		
		Commission Income on Insurance	591	488
		Expenses		
		Insurance Expenses	82	61
		Assets		
		Balance Receivable (advance paid)	50	47
Balance Receivable	123	97		
33	Tata Asset Management Private Limited	Income		
		Portfolio Management Service	31	42
		Assets		
Balance Receivable	2	10		
34	Tata Communications Collaboration Services Private Limited	Expenses		
		Telephone Expenses	-	2
35	Tata Communications Limited	Income		
		* Interest Income on Finance Lease	-	0
		Expenses		
		Information Technology Expenses	488	249
		Other transactions		
		Finance Lease Facility repayment received during period	1	13
		Assets		
		Finance Lease Facility Principal receivable	4	5
Finance lease accrued income & other receivables / (Payable)	(1)	(1)		
Liabilities				
Balance Payable	264	49		
36	Tata Communications Payment Solutions Limited	Expenses		
		Advertising Exp	-	10

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
37	Tata Communications Transformation Services Limited	Income		
		* Interest Income on Finance Lease	0	1
		Other transactions		
		Finance Lease Facility repayment received during period	1	10
		Assets		
		* Finance Lease Facility Principal receivable	0	2
		* Finance lease accrued income & other receivables / (Payable)	(0)	0
38	Tata Consultancy Services Limited	Income		
		Interest Income on Finance Lease	52	35
		Operating Lease rental	490	383
		Expenses		
		Information Technology Expenses	8,388	7,683
		Other transactions		
		Purchase of Fixed Assets	15	-
		Finance Lease Facility provided during period	149	-
		Finance Lease Facility repayment received during period	115	47
		Security deposit received during period	43	29
		Security deposit repaid / adjusted during period	21	(48)
		Assets		
		Finance Lease Facility Principal receivable	232	198
		Finance lease accrued income & other receivables	13	6
		Balance Receivable / (Payable)	(66)	-
		Liabilities		
		Balance Payable	2,642	1,642
Security deposit payable	178	157		
Commitments				
Off balance sheet exposure	766	1,192		
39	Tata Industries Limited	Income		
		Interest Income on Finance Lease	205	286
		Syndication Fees	158	80
		Other transactions		
		Finance Lease Facility provided during period	286	932
		Finance Lease Facility repayment received during period	485	535
		Assets		
		Finance Lease Facility Principal receivable	1,358	1,558
		Finance lease accrued income & other receivables / (Payable)	(12)	253
		Commitments		
Off balance sheet exposure	380	448		

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
40	Tata International Limited	Income		
		Interest Income on Finance Lease	12	14
		Other transactions		
		Finance Lease Facility provided during period	-	14
		Finance Lease Facility repayment received during period	33	17
		Assets		
		Finance Lease Facility Principal receivable	44	77
		Finance lease accrued income & other receivables	16	25
		Liabilities		
		Security deposit payable	21	21
41	Tata Teleservices (Maharashtra) Limited	Expenses		
		Telephone Expenses	111	136
42	Tata Teleservices Limited	Liabilities		
		* Balance Payable	2	0
42	Tata Teleservices Limited	Income		
		Interest Income on Finance Lease	18	24
		Expenses		
		Electricity Expenses	-	9
		Rent Expenses	-	25
		Telephone Expenses	29	34
		Other transactions		
		Finance Lease Facility provided during period	18	86
		Finance Lease Facility repayment received during period	81	82
		Assets		
Finance Lease Facility Principal receivable	79	142		
Finance lease accrued income & other receivables / (Payable)	(25)	(4)		
Balance Receivable	-	0		

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
46	The Associated Building Company Limited	Income		
		Interest Income on Loan	16	1
		Other transactions		
		Loan given during period	-	300
		Loan repayment received during period	256	44
		Assets		
		Loan Principal receivable	-	256
		Loan accrued interest receivable	-	1
		Commitments		
		Off balance sheet exposure	-	44
47	The Indian Hotels Company Limited	Income		
		Interest Income on Finance Lease	5	10
		Expenses		
		Staff Welfare Expenses	30	1
		Other transactions		
		Finance Lease Facility provided during period	9	-
		Finance Lease Facility repayment received during period	35	67
		Assets		
		Finance Lease Facility Principal receivable	18	43
		Finance lease accrued income & other receivables / (Payable)	2	(1)
Commitments				
Off balance sheet exposure	286	300		
48	The Tata Power Company Limited	Income		
		Interest Income on Finance Lease	260	153
		Management Fees	-	14
		Other transactions		
		Finance Lease Facility provided during period	972	190
		Finance Lease Facility repayment received during period	377	253
		Assets		
		Finance Lease Facility Principal receivable	1,540	1,011
		Finance lease accrued income & other receivables	223	472
		Balance Receivable	-	1
Commitments				
Off balance sheet exposure	2,060	1,554		

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
49	Titan Company Limited	Income		
		Interest Income on Finance Lease	6	-
		Expenses		
		Staff Welfare Expenses	1	-
		Interest expenses on Inter Corporate Deposit	35	-
		Other transactions		
		Security deposit received during period	13	-
		Finance Lease Facility provided during period	132	-
		Inter-Corporate Deposit received	40,000	-
		Inter-Corporate Deposit repaid	40,000	-
		Assets		
		Finance Lease Facility Principal receivable	132	-
		Finance lease accrued income & other receivables	6	-
Liabilities				
Security Deposit Payable	13	-		
Commitments				
Off balance sheet exposure	-	300		
50	Trent Limited	Other transactions		
		NSR Payment	246	178
51	Voltas Limited	Expenses		
		Commission Expenses	34	57
		Repairs and Maintenance	29	47
		Other transactions		
		Purchase of Fixed Assets	21	-
52	Coastal Gujarat Power Limited	Income		
		Interest Income on Finance Lease	34	18
		Management Fees	-	2
		Other transactions		
		Finance Lease Facility provided during period	186	12
		Finance Lease Facility repayment received during period	36	19
		Assets		
		Finance Lease Facility Principal receivable	245	95
		Finance lease accrued income & other receivables / (Payable)	(6)	59
		Commitments		
Off balance sheet exposure	1,650	185		

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
53	TML Business Services Limited (formerly Concorde Motors (India) Limited)	Income		
		Operating Lease rental	-	28
		Interest Income on Finance Lease	11	-
		Foreclosure Charges	42	-
		Other transactions		
		Sale of Assets	13	-
		Commitments		
		Off balance sheet exposure	42	-
54	Fiora Hypermarket Limited	Expenses		
		Commission Expenses	3	2
		Other transactions		
		NSR Payment	287	269
		Liabilities		
		Balance Payable	1	-
55	Indian Steel & Wire Products Ltd.	Income		
		Interest Income on Finance Lease	9	10
		Other transactions		
		Finance Lease Facility provided during period	44	-
		Finance Lease Facility repayment received during period	26	22
		Assets		
		Finance Lease Facility Principal receivable	77	58
		Finance lease accrued income & other receivables	4	2
		Commitments		
				Off balance sheet exposure
56	Maithon Power Limited	Income		
		Interest Income on Finance Lease	9	5
		Other transactions		
		Finance Lease Facility provided during period	52	-
		Finance Lease Facility repayment received during period	11	9
		Assets		
		Finance Lease Facility Principal receivable	62	21
		Finance lease accrued income & other receivables / (Payable)	(2)	44
Commitments				
		Off balance sheet exposure	1,784	149
57	Nelco Limited	Income		
		Interest Income on Finance Lease	4	6
		Other transactions		
		Finance Lease Facility repayment received during period	14	12
		Assets		
		Finance Lease Facility Principal receivable	21	36
		Finance lease accrued income & other receivables	18	1

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
58	Piem Hotels Limited	Income		
		Interest Income on Loan	17	-
		Management Fees	5	-
		Expenses		
		* Hotel Expenses	3	0
		Other transactions		
		Loan given during period	495	-
Loan repayment received during period	495	-		
Commitments				
	Off balance sheet exposure	1,500	-	
59	Tata Metaliks Ltd.	Income		
		Interest Income on Finance Lease	7	3
		Operating Lease rental	31	48
		Other transactions		
		Security deposit received during period	9	1
		Security deposit repaid / adjusted during period	-	2
		Finance Lease Facility provided during period	74	18
		Finance Lease Facility repayment received during period	16	8
		Assets		
		Finance Lease Facility Principal receivable	68	10
		Finance lease accrued income & other receivables / (Payable)	27	(5)
		Balance Receivable	1	-
		Liabilities		
Security deposit payable	22	13		
Commitments				
Off balance sheet exposure	6,484	354		
60	Tata Motors Finance Limited	Expenses		
		Rent expenses	42	7
		Other transactions		
		Sale of Assets	-	5
Liabilities				
Balance Payable	20	-		
61	Tata Power Solar Systems Limited	Income		
		Interest Income on Finance Lease	37	26
		Other transactions		
		Finance Lease Facility provided during period	83	64
		Finance Lease Facility repayment received during period	82	55
		Assets		
		Finance Lease Facility Principal receivable	208	138
Finance lease accrued income & other receivables / (Payable)	(13)	8		
Commitments				
Off balance sheet exposure	3,413	-		

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
62	Tata Power Trading Company Limited	Income * Interest Income on Finance Lease Other transactions Finance Lease Facility repayment received during period Assets Finance Lease Facility Principal receivable * Finance lease accrued income & other receivables	0 - - -	1 1 4 0
63	Tata Steel Utilities and Infrastructure Services Limited	Income Interest Income on Finance Lease Operating Lease rental Other transactions Sale of Assets Finance Lease Facility provided during period Finance Lease Facility repayment received during period Security deposit received during period Assets Finance Lease Facility Principal receivable * Finance lease accrued income & other receivables Liabilities Security deposit payable Commitments Off balance sheet exposure	19 - - 216 62 21 185 0 29 981	5 14 25 - 22 - 30 1 9 -
64	TP Ajmer Distribution Limited	Income Interest Income on Finance Lease Other transactions Finance Lease Facility provided during period Finance Lease Facility repayment received during period Assets Finance Lease Facility Principal receivable * Finance lease accrued income & other receivables Commitments Off balance sheet exposure	1 9 1 32 0 1,650	4 6 4 24 2 -
65	United Hotels Limited	Income Interest Income on Finance Lease Other transactions Finance Lease Facility provided during period Finance Lease Facility repayment received during period Assets Finance Lease Facility Principal receivable Finance lease accrued income & other receivables Commitments Off balance sheet exposure	4 11 4 32 4 35	5 - 3 25 2 53

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
66	Air International TTR Thermal Systems Private Limited	Income		
		Operating Lease rental	29	29
		Assets		
		Balance Receivable	27	-
		Liabilities		
		Security deposit payable	18	18
		Commitments		
		Off balance sheet exposure	823	823
67	AirAsia (India) Limited	Income		
		Interest Income on Loan	1,810	1,109
		Management Fees	65	50
		Other transactions		
		Loan given during period	53,000	31,551
		Loan repayment received during period	46,994	21,557
		Assets		
		Loan Principal receivable	26,000	19,994
		Loan accrued interest receivable	186	95
		Commitments		
		Off balance sheet exposure	10,000	10,000
68	Mikado Realtors Private Limited	Income		
		* Interest Income on Loan	0	283
		Management Fees	-	2
		Other transactions		
		Loan given during period	-	1,250
		Loan repayment received during period	-	2,750
		Commitments		
		Off balance sheet exposure	-	550
69	Tata AIA Life Insurance Company Limited	Income		
		Interest Income on Finance Lease	26	7
		Commission Income on Insurance	346	245
		Expenses		
		Insurance Expenses	176	82
		Other transactions		
		Finance Lease Facility provided during period	105	35
		Finance Lease Facility repayment received during period	32	6
		Assets		
		Finance Lease Facility Principal receivable	112	38
		Finance lease accrued income & other receivables	5	120
		Balance Receivable	5	8
Balance Receivable (advance paid)	195	130		
Commitments				
		Off balance sheet exposure	432	479

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
70	Tata AutoComp GY Batteries Private Limited	Income Interest Income on Loan Management Fees Other transactions Loan given during period Loan repayment received during period	 6 - 1,000 1,000	 36 4 2,540 2,540
71	Tata Boeing Aerospace Limited	Income Interest Income on Finance Lease Other transactions Finance Lease Facility provided during period Finance Lease Facility repayment received during period Assets Finance Lease Facility Principal receivable * Finance lease accrued income & other receivables / (Payable) Commitments Off balance sheet exposure	 1 - 2 4 (0) 138	 1 3 2 6 (0) 138
72	Tata International DLT Private Limited	Income Interest Income on Loan Other transactions Loan repayment received during period	 - -	 15 225
73	Tata Lockheed Martin Aerostructures Limited	Income Interest Income on Finance Lease Other transactions Finance Lease Facility repayment received during period Assets Finance Lease Facility Principal receivable Finance lease accrued income & other receivables / (Payable)	 2 13 10 13	 5 17 30 (1)
74	Tata Precision Industries (India) Limited	Income Interest Income on Loan Management Fees Other transactions Loan given during period Loan repayment received during period Assets Loan Principal receivable Loan accrued interest receivable	 3 1 96 23 96 1	 5 - - 23 23 0

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
75	Tata Sikorsky Aerospace Limited	Income Interest Income on Finance Lease Other transactions Finance Lease Facility provided during period Finance Lease Facility repayment received during period Assets Finance Lease Facility Principal receivable Finance lease accrued income & other receivables Commitments Off balance sheet exposure	 9 44 15 48 12 53	 2 12 5 19 28 80
76	Tata Toyo Radiator Limited	Income Operating Lease rental Management Fees Interest Income on Loan Other transactions Security deposit received during period Security deposit repaid / adjusted during period Loan repayment received during period Loan given during period Assets Balance Receivable Loan Principal receivable Loan accrued interest receivable Liabilities Security deposit payable Commitments Off balance sheet exposure	 2,086 - 68 22 - 2,500 - 2,053 - - 1,188 286	 1,922 11 158 210 4 - 2,500 - - 18 1,154 286
77	Sir Dorabji Tata Trust	Expenses CSR Expenditure	 -	 50
78	Tata Steel BSL Limited	Income Interest Income on Loan Assets Investment in Equity during period	 2 -	 - 6
79	Tata Ficos Automotive Systems Private Limited	Income Invoice Discounting Management Fees Interest Income on Loan Other Transactions Loan given during period Loan repayment received during period Assets Loan Principal receivable Loan accrued interest receivable	 - - 25 1,400 2,400 - -	 65 3 4 1,003 3 1,000 4

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
80	TP Luminaire Private Limited	Income		
		Management Fees	-	28
		Interest Income on Loan	302	260
		Other Transactions		
		Loan given during period	-	5,552
		Loan repayment received during period	4,224	1,328
		Assets		
		Loan Principal receivable	-	4,224
		Loan accrued interest receivable	-	1
		Commitments		
	Off balance sheet exposure	-	1,052	
81	Patanone Finvest Limited	Other Transactions		
		Sale of Investment	-	0
82	Tata Digital Private Limited	Income		
		Interest Income on Loan	436	-
		Other Transactions		
		Loan given during period	15,000	-
	Loan repayment received during period	15,000	-	
83	TP Central Odisha Distribution Limited	Income		
		Interest Income on Finance Lease	30	-
		Other transactions		
		Finance Lease Facility provided during period	128	-
		Finance Lease Facility repayment received during period	35	-
		Assets		
		Finance Lease Facility Principal receivable	93	-
		Finance lease accrued income & other receivables / (Payable)	(2)	93
		Commitments		
			Off balance sheet exposure	1,698
84	Emerald Haven Realty Limited	Income		
		Interest Income on Loan	603	-
		Other transactions		
		Loan repayment received during period	2,037	-
		Assets		
		Loan Principal receivable	4,183	-
	Loan accrued interest receivable	59	-	
85	Supermarket Grocery Supplies Private Limited	Income		
		Interest Income on Loan	27	-
		Management Fees	30	-
		Other transactions		
		Loan given during period	5,968	-
	Loan repayment received during period	5,968	-	

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
86	Tata Business Hub Limited	Income		
		Interest Income on Finance Lease	12	-
		Other transactions		
		Finance Lease Facility provided during period	217	-
		Finance Lease Facility repayment received during period	24	-
		Assets		
		Finance Lease Facility Principal receivable	193	-
		Finance lease accrued income & other receivables / (Payable)	(2)	-
		Commitments		
		Off balance sheet exposure	244	-
87	Tata Electronics Private Limited	Income		
		Interest Income on Finance Lease	41	-
		Other transactions		
		Finance Lease Facility provided during period	946	-
		Finance Lease Facility repayment received during period	149	-
		Security deposit received during period	15	-
		Assets		
		Finance Lease Facility Principal receivable	797	-
		Finance lease accrued income & other receivables	1,989	-
		Liabilities		
Security Deposit Payable	15	-		
Commitments				
Off balance sheet exposure	1,322	-		
88	Tata Elxsi Limited	Income		
		Interest Income on Finance Lease	12	-
		Other transactions		
		Finance Lease Facility provided during period	150	-
		Finance Lease Facility repayment received during period	14	-
		Assets		
		Finance Lease Facility Principal receivable	136	-
		Finance lease accrued income & other receivables	31	-
		Commitments		
		Off balance sheet exposure	485	-
89	Innovative Retail Concepts Private Limited	Expenses		
		Staff Welfare Expenses	1	-
		Liabilities		
* Balance Payable	0	-		
90	Savis Retail Private Limited	Expenses		
		Staff Welfare Expenses	1	-

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
91	TP Northern Odisha Distribution Limited	Income		
		Interest Income on Finance Lease	3	-
		Other transactions		
		Finance Lease Facility provided during period	28	-
		Finance Lease Facility repayment received during period	2	-
		Assets		
		Finance Lease Facility Principal receivable	27	-
		Finance lease accrued income & other receivables	16	-
		Commitments		
		Off balance sheet exposure	3,452	-
92	TP Western Odisha Distribution Limited	Income		
		Interest Income on Finance Lease	2	-
		Other transactions		
		Finance Lease Facility provided during period	47	-
		Finance Lease Facility repayment received during period	1	-
		Assets		
		Finance Lease Facility Principal receivable	46	-
		Finance lease accrued income & other receivables	10	-
		Commitments		
		Off balance sheet exposure	3,417	-
93	Ideal Ice & Cold Storage Company Limited	Income		
		Interest Income on Finance Lease	3	-
		Assets		
		Finance lease accrued income & other receivables	55	-
		Commitments		
Off balance sheet exposure	246	-		
94	Land kart Builders Private Limited	Income		
		Referral Fees	2	-
		Assets		
		Balance Receivable	2	-
95	Tata Medical and Diagnostics Limited	Expenses		
		* Staff Welfare Expenses	0	-
		Income		
		* Interest Income on Finance Lease	0	-
		Assets		
		Finance lease accrued income & other receivables	50	-
Commitments				
Off balance sheet exposure	550	-		

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

53. 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	FY 21-22	FY 20-21
96	Tata Motors Passenger Vehicles Limited	Income		
		Interest Income on Finance Lease	215	-
		Other transactions		
		Finance Lease Facility provided during period	2,094	-
		Finance Lease Facility repayment received during period	141	-
		Assets		
		Finance Lease Facility Principal receivable	1,953	-
Finance lease accrued income & other receivables	691	-		
Commitments				
		Off balance sheet exposure	4,802	-
97	Tata Passenger Electric Mobility Limited	Income		
		Interest Income on Finance Lease	16	-
		Other transactions		
		Finance Lease Facility provided during period	145	-
		Finance Lease Facility repayment received during period	2	-
		Assets		
		Finance Lease Facility Principal receivable	143	-
Finance lease accrued income & other receivables	51	-		
Commitments				
		Off balance sheet exposure	1,950	-
98	Tata Steel Limited	Assets		
		Investment in Equity Shares	11	-
99	TP Southern Odisha Distribution Limited	Income		
		* Operating Lease rental	0	-
		Commitments		
		Off balance sheet exposure	3,487	-
100	Tata Marcopolo Motors Limited	Commitments		
		Off balance sheet exposure	750	-
101	Key Management	Remuneration to KMP		
		Short Term Employee Benefits	495	302
		Post Employment Benefits	27	31
		Share based payments (No. of Shares)	-	-
		Options granted **	21,66,077	10,82,091
		Options exercised	2,82,091	2,82,091
		Director Sitting Fees & Commission	114	125

Notes :

a) * less than Rs.50,000/-

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

c) Expected credit loss provision for parties listed above have not been considered as provision for doubtful debts, hence not disclosed

d) The above related party transactions are at Arm's length and in the ordinary course of business.

C) List of Associates

Country of Incorporation	Name of Associate	Ownership Interest	
		March 31, 2022	March 31, 2021
India	Shriram Properties Limited (ceased to be associate w.e.f 22.12.2021)	-	1.50%
India	TVS Supply Chain Solutions Limited	0.38%	0.42%
India	Fincare Business Services Limited	0.76%	0.78%
India	Fincare Small Finance Bank Limited	0.11%	0.02%

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)
for the year ended March 31, 2022

(Rs. in lakh)

54. Disclosure of Restructured Accounts As on 31-Mar-22

Sl No	Type of Restructuring Asset Classification Details		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			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, 2021 (Opening figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	3,494	257	11	-	3,762	3,494	257	11	-	3,762	
		Amt. outstanding	-	-	-	-	-	-	-	-	-	62,153	5,299	399	-	67,851	62,153	5,299	399	-	67,851	
		Provision thereon	-	-	-	-	-	-	-	-	-	17,353	2,137	399	-	19,888	17,353	2,137	399	-	19,888	
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	11,465	811	30	-	12,306	11,465	811	30	-	12,306	
		Amt. outstanding	-	-	-	-	-	-	-	-	-	1,56,903	8,782	384	-	1,66,069	1,56,903	8,782	384	-	1,66,069	
		Provision thereon	-	-	-	-	-	-	-	-	-	45,067	7,462	384	-	52,913	45,067	7,462	384	-	52,913	
3	Upgradations of restructured accounts to Standard category	No. of borrowers	-	-	-	-	-	-	-	-	-	26	(61)	(1)	-	(36)	26	(61)	(1)	-	(36)	
		Amt. outstanding	-	-	-	-	-	-	-	-	-	1,513	(2,032)	(82)	-	(601)	1,513	(2,032)	(82)	-	(601)	
		Provision thereon	-	-	-	-	-	-	-	-	-	90	(592)	(82)	-	(583)	90	(592)	(82)	-	(583)	
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	-	-	-	-	-	-	-	-	-	(641)	(117)	758	-	-	(641)	(117)	758	-	-	
		Amt. outstanding	-	-	-	-	-	-	-	-	-	(9,640)	(1,471)	10,657	-	(453)	(9,640)	(1,471)	10,657	-	(453)	
		Provision thereon	-	-	-	-	-	-	-	-	-	(3,630)	(646)	8,608	-	4,332	(3,630)	(646)	8,608	-	4,332	
6	Write-offs / settlements / recoveries of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	(410)	(41)	(6)	-	(457)	(410)	(41)	(6)	-	(457)	
		Amt. outstanding	-	-	-	-	-	-	-	-	-	(5,046)	(1,114)	(95)	-	(6,255)	(5,046)	(1,114)	(95)	-	(6,255)	
		Provision thereon	-	-	-	-	-	-	-	-	-	(1,645)	(474)	(95)	-	(2,214)	(1,645)	(474)	(95)	-	(2,214)	
7	Restructured accounts as on 31st Mar, 2022 (Closing figures)*	No. of borrowers	-	-	-	-	-	-	-	-	-	13,934	849	792	-	15,575	13,934	849	792	-	15,575	
		Amt. outstanding	-	-	-	-	-	-	-	-	-	2,05,883	9,464	11,264	-	2,26,612	2,05,883	9,464	11,264	-	2,26,612	
		Provision thereon	-	-	-	-	-	-	-	-	-	57,234	7,888	9,215	-	74,337	57,234	7,888	9,215	-	74,337	

* 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 additional provision of Rs. 814.19 Lakhs towards 2,411 existing restructured accounts.

2. 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).

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

55. 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, 2022:

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-25	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- January 20 2022, CARE- December 28, 2021, CRISIL- March 10, 2022, India Rating November 30, 2021
(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+ , IND A1+ (no change in the rating)
(b) Debentures	<p>Secured/Unsecured Non Convertible Debentures Current year : ICRA AAA (Stable), CRISIL AAA (Stable) and CARE AAA (Stable) (No change in rating)</p> <p>Secured Non Convertible Debentures - MLD Current year : CRISIL PP-MLD AAAR (Stable) (No change in rating)</p> <p>Tier II Debentures Current year :ICRA AAA (Stable), CRISIL AAA (Stable) and CARE AAA (Stable) (No change in rating)</p> <p>Perpetual Debentures Current year : CRISIL AA+(Stable), CARE AA+(Stable) and ICRA AA+(Stable) (No change in rating)</p>
(c) Others	<p>Short Term Bank Loans ICRA A1+ (no change in the rating)</p> <p>Long Term Bank Loans 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, 2022 is as follows :-

- (a) Undrawn Commitment given to Borrowers
As on March 31, 2022 Rs. 5,52,570 lakh (Year ended March, 31, 2021 : Rs. 4,10,240 lakh)
Less than 1 Year: Rs. 3,25,358 lakh (Year ended March, 31, 2021 : Rs. 3,00,033 lakh)
More than 1 Year: Rs. 2,27,212 lakh (Year ended March, 31, 2021 : Rs. 1,10,207 lakh)
- (b) Leases entered but not executed Rs. 1,55,561 lakh (Year ended March, 31, 2021 : Rs. 84,421 lakh)
- (c) Others (Tax Matters and suits filed) Rs. 11,341 lakh (Year ended March, 31, 2021 : Rs. 5,284 lakh)

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

55. 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 21-22	FY 20-21
Provision for depreciation on Investments (net of fair value changes)	(1,662)	(7,594)
Impairment of investment in associates	-	-
Provision towards NPA (refer Note 2)	4,235	11,062
Provision against assets held for sale	(1)	(466)
Provision against other doubtful advances	(21)	12
Provision made towards Income tax	26,302	14,805
Other Provision and Contingencies (with details):		
- Provision for Employee Benefits	632	(856)
- Provision for Standard Assets	30,071	8,765
Total	59,556	25,728

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 statements.

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 21-22	FY 20-21
Total Advances to twenty largest borrowers	6,82,793	5,36,112
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	12.18%	11.99%

Includes Loans, Advances & Credit Substitutes (Advance includes interest accrued but not due)

Exposure *

(Rs in lakh)

Particulars	FY 21-22	FY 20-21
Total Exposure to twenty largest borrowers	8,18,901	5,49,118
Percentage of Exposure to twenty largest borrowers to Total Exposure of the NBFC **	12.44%	10.77%

* 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 21-22	FY 20-21
(a)	No. of complaints pending at the beginning of the year	68	21
(b)	No. of complaints received during the year	2,715	3,618
(c)	No. of complaints redressed during the year	2,748	3,571
(d)	No. of complaints pending at the end of the year	35	68

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

55. 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 21-22	FY 20-21
1	No. of accounts	2	Nil
2	Aggregate value (net of provisions) of accounts sold	28,798	Nil
3	Aggregate consideration	28,864	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

(x) (a) Non Performing Assets purchased during the year - Nil (Previous Year : Nil).

(b) Details of Non Performing Assets sold :

S No.	Particulars	FY 21-22	FY 20-21
1	No. of accounts sold (Count)	9	Nil
2	Aggregate outstanding [net of provision] (Rs in lakh)	-	Nil
	a) Aggregate outstanding (Rs in lakh)	2,055	Nil
	b) Provision held on date of sale	2,055	Nil
3	Aggregate consideration received (Rs in lakh)	1,500	Nil

(xi) No Parent Company Products are financed during the year (Year ended March, 31, 2021 : 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. 18,80,574 lakh (Year ended March, 31, 2021 : Rs. 14,24,554 lakh) constituting 33.56% of the Total Loans and Advances (Year ended March, 31, 2021 : 31.85%). The Exposure to Secured Loans includes Rs. Nil (Year ended March, 31, 2021 : 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, 2022 (Rs in lakh)	March 31, 2021 (Rs in lakh)
Total Exposure to top four NPA accounts	11,986	12,156

(xv) Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		March 31, 2022	March 31, 2021
1	Agriculture & allied activities	46.39%	10.23%
2	MSME (refer Note 1)	1.52%	1.33%
3	Corporate borrowers (refer Note 2)	2.01%	2.92%
4	Services (refer Note 3)	0.23%	0.62%
5	Unsecured personal loans	3.82%	5.97%
6	Auto loans	3.07%	4.29%
7	Other personal loans (refer Note 4)	3.89%	4.49%

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, 2022, revenue recognition has not been postponed.

(xvii) Drawdown of reserves made during current year of Rs. Nil is on account of Share issue expenses (March 31, 2021 : Rs. Nil 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, 2022

(Rs. in lakh)

55. 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, 2022 and March 31, 2021 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, 2022			For the Year ended March 31, 2021		
		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	176	14,455	2,22,465	114	14,555	1,79,489
Interest rate swap contract i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	-	-	-	-	-	-
Cross currency swap contract i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	100	-	75,520	50	-	36,615
Cap option i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	-	-	-	-	-	-
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/(loss) of the foreign exchange forward	Buy	NA	NA	(13,468)	NA	NA	(19,977)
The fair value loss of the interest rate swap	Buy	NA	NA	2,540	NA	NA	730
The fair value loss of the cap option	Buy	NA	NA	56	NA	NA	36
The fair value gain/(loss) of the Cross currency swap contract	Buy	NA	NA	1,094	NA	NA	(1,304)

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	
	2021-22	2020-21	2021-22	2020-21
(i) Derivatives (Notional Principal Amount)	2,97,985	2,16,103	-	-
(ii) Marked to Market Positions [1]				
(a) Assets (+)	88	-	899	-
(b) Liability (-)	(28,871)	(16,408)	(116)	(1,813)
(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, 2022

(Rs. in lakh)

55. 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

Particulars	(Rs in lakh)	
	FY 21-22	FY 20-21
(i) Net NPAs to Net Advances (%)	0.48%	0.89%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1,32,917	1,05,791
(b) Additions during the year	74,418	1,11,138
(c) Reductions during the year	(82,431)	(84,012)
(d) Closing balance	1,24,904	1,32,917
(iii) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening balance	94,077	82,714
(b) Additions during the year	67,258	79,760
(c) Write-off / write-back of excess provisions	(62,942)	(68,396)
(d) Closing balance	98,393	94,077
(iv) Movement of Net NPAs		
(a) Opening balance	38,840	23,077
(b) Additions during the year	7,161	31,378
(c) Reductions during the year	(19,490)	(15,615)
(d) Closing balance	26,511	38,840

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, 2022

(Rs. in lakh)

55. 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 21-22	FY 20-21
(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)	13,516	19,244
(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)	51,821	33,541
(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)	5,40,432	3,53,597
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; (Refer note (a) below)	4,043	3,190
(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)	52,762	30,342
Total Exposure to Capital Market	6,62,574	4,39,914

Note:

Exposure to Capital Market includes:

a) Limits given to Borrowers but part un-utilised of Rs. 68,190 lakh (March 31, 2021 : Rs. 30,569 lakh).

b) Investment in equity shares of Rs. 1,179 lakh in a Commercial Real Estate customer i.e. Shriram properties limited (March, 31, 2021 : Rs. 2,400 lakh).

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

55. 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

Particulars	(Rs. in lakh)	
	FY 21-22	FY 20-21
(1) Value of Investments		
(i) Gross Value of Investments	2,68,228	1,32,559
(a) In India	2,68,228	1,32,559
(b) Outside India	-	-
(ii) Provision for Depreciation	812	1,653
(a) In India	812	1,653
(b) Outside India	-	-
(iii) Net value of investments	2,67,416	1,30,906
(a) In India	2,67,416	1,30,906
(b) Outside India	-	-
(2) Movement of Provisions held towards depreciation on investments		
(i) Opening Balance	1,653	16,559
(ii) Add: Provision/fair value loss during the year	4,781	275
(iii) Less: Write-off / write-back of excess provisions or fair value gain during the year	5,622	15,181
(iv) Closing balance	812	1,653

Note: The above details does not include investment in the form of Credit Substitutes.

(xxiii) Exposure to Real Estate Sector

Category	(Rs. in lakh)	
	FY 21-22	FY 20-21
(a) Direct Exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	3,74,559	3,61,589
(ii) Commercial Real Estate -		
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	4,43,208	4,58,425
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	8,17,768	8,20,014

Note:

Exposure to Real Estate Sector includes:

a) Limits given to Borrowers but part un-utilised of Rs. 29,416 lakh (March 31, 2021 : Rs. 23,680 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 statements.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

56. 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, 2022

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)
Performing Assets						
Standard	Stage 1	52,23,662	39,721	51,83,941	20,895	18,826
	Stage 2	2,55,584	72,732	1,82,852	20,690	52,042
Subtotal		54,79,246	1,12,453	53,66,793	41,585	70,868
Non-Performing Assets (NPA)						
Substandard	Stage 3	62,294	47,110	15,184	6,288	40,822
Doubtful - up to 1 year	Stage 3	53,377	43,671	9,706	38,496	5,176
1 to 3 years	Stage 3	8,239	6,618	1,622	5,510	1,108
More than 3 years	Stage 3	900	900	-	840	59
Subtotal for doubtful		62,516	51,189	11,327	44,846	6,343
Loss	Stage 3	94	94	-	94	-
Subtotal for NPA		1,24,904	98,393	26,511	51,228	47,165
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	3,36,370	1,773	3,34,596	-	1,773
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		3,36,370	1,773	3,34,596	-	1,773
Total	Stage 1	55,60,032	41,494	55,18,537	20,895	20,600
	Stage 2	2,55,584	72,732	1,82,852	20,690	52,042
	Stage 3	1,24,904	98,393	26,511	51,228	47,165
	Total	59,40,520	2,12,619	57,27,902	92,813	1,19,807

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

57. 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	19	2983482*	0%	58%

(ii) Top 20 Large Deposits

Sr. No	Counterparty	Amount (in Rs. lakh)	% of total deposits
	Nil		

(iii) Top 10 Borrowing (amounts to Rs. 23,87,404 Lakhs and 49% of total borrowings)

Sr. No.	Amount (Rs. In lakh)	% of total borrowings
1	2387404*	49%

* Face Value of outstanding amount considered

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

57. 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	22,00,072	43%
2	Bank Loans	18,14,311	35%
3	Commercial paper	4,46,800	9%
4	External Commercial Borrowing	2,92,806	6%
5	Inter Corporate Deposit	77,493	1%
	Total	48,31,482	

(v) Stock Ratios

Particulars	%
(a) Commercial papers as a % of total public funds	9.10%
(a) Commercial papers as a % of total liabilities	8.64%
(a) Commercial papers as a % of total assets	7.51%
(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	34.86%
(c)Other Short-term liabilities as a % of total Liabilities	33.09%
(c)Other Short-term liabilities as a % of total Assets	28.77%

- (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, 2022

(Rs. in lakh)

57. 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 2022, the Company has disclosed the LCR as a simple average of 3 months within a quarter for all four quarters of FY 21-22.

LCR maintained: Starting in Dec 2020, LCR has been computed as per methodology prescribed in the RBI circular dated 4 November 2019. For the quarter ended March 22, the simple average of the past three months was observed at 83% (HQLA- Rs. 175,293 lakh) against the requirement of minimum 60% (HQLA - Rs. 126,339 lakh). For the year FY22, the company has been compliant with LCR framework for all 4 quarters.

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 on a daily basis for the period of April 21 to March 22. For Q4 FY22, the maximum and minimum required HQLA observed for regulatory compliance was Rs.110,796 lakh and Rs.141,012 lakh respectively.

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.

For the period Q4 FY22 between Jan to March 2022, the average HQLA of (Rs. 175,293 lakh) comprised of Rs.813 lakh in cash and remaining Rs. 174,480 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 5.9% of the total borrowings as on 31st March, 2022. Hence, derivative exposures are considered NIL.

Currency mismatch in LCR: There is NIL mismatch to be reported in LCR as on 31st March 2022 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 22, 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, 2022		Three months ended Dec 31, 2021		Three months ended Sep 30, 2021		Three months ended June 30, 2021	
		Total Unweighted Value (average)	Total weighted Value (average)	Total Unweighted Value	Total weighted Value	Total Unweighted Value	Total weighted Value	Total Unweighted Value	Total weighted Value
High Quality Assets									
1	Total High Quality Assets (HQLA)	1,75,293	1,75,293	2,10,735	2,10,735	2,48,837	2,48,837	1,36,118	1,36,118
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	56,389	64,847	2,27,563	2,61,697	2,16,152	2,48,575	91,547	1,05,279
4	Secured wholesale funding	93,291	1,07,284	96,293	1,10,737	1,38,503	1,59,278	62,546	71,928
5	Additional requirements, of which	5,54,622	6,37,815	5,06,288	5,82,231	4,80,290	5,52,333	5,22,782	6,01,200
(i)	<i>Outflows related to derivative exposures and other collateral requirements</i>	-	-	-	-	-	-	-	-
(ii)	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-	-	-	-	-
(iii)	<i>Credit and liquidity facilities</i>	5,54,622	6,37,815	5,06,288	5,82,231	4,80,290	5,52,333	5,22,782	6,01,200
6	Other contractual funding obligations	28,347	32,599	20,628	23,723	30,961	35,606	19,797	22,767
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	7,32,649	8,42,546	8,50,772	9,78,388	8,65,906	9,95,792	6,96,673	8,01,174
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	4,98,124	3,73,593	5,45,718	4,09,289	4,33,416	3,25,062	2,95,434	2,21,576
11	Other cash inflows	6,07,845	4,55,884	7,57,664	5,68,248	6,37,112	4,77,834	6,82,738	5,12,054
12	TOTAL CASH INFLOWS	11,05,969	8,29,477	13,03,383	9,77,537	10,70,528	8,02,896	9,78,173	7,33,629
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
13	TOTAL NET CASH OUTFLOWS								
	Minimum HQLA required to be maintained by TCFSL for compliance #								
14									
15	TOTAL HQLA (Maintained)								
16	LIQUIDITY COVERAGE RATIO (%)								

Note:

* Inflows from fully performing exposures includes both secured and unsecured lending.

The minimum regulatory requirement to maintain High Quality Liquid Assets (HQLA) applicable to the company had changed from 50% to 60% effective 1st December 21. Therefore for the quarter ended December 21, the average HQLA required during the quarter is considered.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

(Rs. in lakh)

58. Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at March 31, 2022 are given below :

(Rs. in lakh except number of accounts)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of the previous half-year i.e. September 30, 2021 (A) #	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year i.e. March 31, 2022 #^
Personal Loans	1,25,687	6,296	1,095	12,875	1,14,228
Corporate persons*	15,505	535	62	1,805	14,188
Of which MSMEs	-	-	-	-	-
Others	43,822	2,980	580	5,688	38,969
Total	1,85,014	9,811	1,737	20,368	1,67,385

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

excludes other facilities to the borrowers which have not been restructured.

^ includes restructuring done in respect of requests received as of September 30, 2021 processed subsequently and additions due to interest capitalisation.

Tata Capital Financial Services Limited

Notes forming part of the Standalone Financial Statements (Continued)

for the year ended March 31, 2022

59. **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 Accounts restructured	Amount (Rs. in lakh)
641	31,352

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, 2022

(Rs. in lakh)

60. Analytical Ratios as per Ministry of Corporate Affairs ("MCA") notification dated 24th March 2021:

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	Total capital funds	Total risk weighted assets	17.25%	20.29%	-15%	NA
Tier I CRAR	Capital funds – Tier I	Total risk weighted assets	11.86%	14.68%	-19%	NA
Tier II CRAR	Capital funds – Tier II	Total risk weighted assets	5.39%	5.61%	-4%	NA
Liquidity Coverage Ratio.	Total HQLA (Maintained)	Total Net Cash Outflows	83%	61%	36%	Note 1

Notes :

1. The HQLA maintained is higher in March 22 on account of change in the minimum LCR requirement as per the RBI guidelines which has increased from 50% (in March 21) to 60% (in March 22) w.e.f. December 21. Additionally, it has been contributed by the increase in balance Sheet size in the financial year FY 22.

61. The impact of COVID-19 on the Company's performance will depend on the ongoing as well as future developments, including, among other things, any new information concerning the COVID-19 pandemic and any measure to contain its spread or mitigate its impact, whether mandated by the Government or adopted by us.

62. Details of loans transferred / acquired during the quarter ended March 31, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) The Company has not transferred any non-performing assets (NPAs).

(ii) The Company has not transferred any Special Mention Account (SMA) and loan not in default.

(iii) Details of loans not in default acquired through assignment are given below :

Particulars	Value
Aggregate amount of Loan acquired (in lakhs)	4,487
Weighted average residual maturity (in months)	31.75
Weighted average holding period by originator (in months)	12.05
Retention of beneficial economic interest	5% / 10%
Coverage of tangible security coverage	NIL
Rating-wise distribution of rated loans	AA (ICRA) / A- (ICRA)

(iv) The Company has not acquired any stressed loan.

63. The Company has implemented the requirements pertaining to day-end-processing and allied matters vide RBI circular dated November 12, 2021. Accordingly, Gross Non Performing Assets ("GNPA") as at March 31, 2022 is 2.23% (If the Company had availed relaxation thereof referred to RBI circular dated February 15, 2022, the GNPA would have been 2.06%).

64. Details of transactions with companies struck off under section 248 of the Companies Act, 2013 :

(Rs. in lakhs)					
Sr. No.	Name of Struck off Company	Nature of transactions	As at March 31, 2022	As at March 31, 2021	Relationship with the struck off company
1	G R Foundations Private Limited	Loan	2	3	Borrower
2	SAFNA Consultancy Private Limited	Interest on Debentures	15	2	Debenture holder

65. During the year ended March 31, 2022, the Company has raised funds through the right issue, amounting to Rs. 30,000 lakhs through allotment of 2,99,40,119 equity shares of face value Rs. 10 each fully paid up, at a price of Rs. 100.20 each, including a premium of Rs. 90.20 each.

66. The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

The Company has not received any funds (which are material either individually or in the aggregate) from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

67. The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Company, same are not covered:

- The Company has not traded or invested in crypto currency or virtual currency during the financial year
- No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder
- The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority
- The Company has not entered into any scheme of arrangement
- No satisfaction of charges are pending to be filed with ROC
- There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

In terms of our report of even date
For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No: 001076N/N500013

In terms of our report of even date
For **M M Nissim & Co LLP**
Chartered Accountants
Firm's Registration No: 107122W/W100672

For and on behalf of the Board of Directors

Khushroo B. Panthaky

Partner

Membership No: 042423

Mumbai
April 21, 2022

Sanjay Khemani

Partner

Membership No: 044577

Mumbai
April 21, 2022

Rajiv Sabharwal

(Chairman)

(DIN No. : 00057333)

Mumbai
April 21, 2022

F.N. Subedar

(Director)

(DIN No. : 00028428)

Mumbai
April 21, 2022

Anuradha E. Thakur

(Director)

(DIN No. : 06702919)

Mumbai
April 21, 2022

Varsha Purandare
(Director)

(DIN No. : 05288076)

Pune
April 21, 2022

Sarosh Amaria
(Managing Director)

(DIN No. : 08733676)

Mumbai
April 21, 2022

Jaykumar Shah
(Chief Financial Officer)

(DIN No. : 08733676)

Mumbai
April 21, 2022

Sonali Punekar
(Company Secretary)

(DIN No. : 08733676)

Mumbai
April 21, 2022