ANNUAL
REPORT
2022-23

TATA CAPITAL

Count on us

# SAIL BEYOND EXPECTATIONS

The path into the future is vast, unpredictable, and seemingly infinite. Although the big unknown may be formidable, it also gives us plenty of opportunities. Only the willing will thrive in the future.

TATA CAPITAL

Count on us

# INDEX


| | |
|---|---|
| About Us | 01 |
| Our Purpose and Pillars | 03 |
| Corporate Social Responsibility Initiatives | 05 |
| Product Portfolio | 07 |
| Digital Initiatives | 09 |
| New Products Introduced | 11 |
| Brand Initiatives | 13 |
| Tata Capital Team | 15 |
| Snapshot of Numbers | 17 |
| Awards | 19 |
| Message from the Chairman | 20 |
| Message from the Managing Director & CEO | 22 |
| Board's Report | 24 |
| Management Discussion and Analysis | 74 |
| Consolidated Financial Statements | |
| - Independent Auditor's Report | 81 |
| - Financials for FY 2022 - 2023 | 92 |
| Salient Features of Financial Statements of Subsidiaries / Associates / Joint Venture | 268 |
| Standalone Financial Statements | |
| - Independent Auditor's Report | 273 |
| - Financials for FY 2022 - 2023 | 286 |

LEAVE YOUR
OWN TRAIL
Trust your instincts and follow the path that you
believe in. Create a mark for yourself.

# About Us

Tata Capital Limited ("TCL"), a subsidiary of Tata Sons Private Limited, is registered with the Reserve Bank of India as a Systemically Important Non-Deposit Accepting Core Investment Company.

A trusted, customer-centric, one-stop financial solutions partner, Tata Capital and its subsidiaries (collectively referred to as "Tata Capital") are engaged in lending and offering a wide array of services / products in the financial services sector.

CONQUER
EVERY SUMMIT
Focus not on the mountain, but on the path that cuts
through it. Don't look back, let grit carry you to greatness.

# Our Purpose and Pillars

A responsible financial partner fulfilling India's aspirations.

## Lead with Trust

We respect and reinforce the trust that is placed in us. We are lenders the country can rely on.

## Better Together

We actively collaborate with group companies, partners, employees, customers, communities; their success is our success.

## Future Ready

We innovate and leverage technology to anticipate, serve and shape future needs; setting the path for others to follow.

## Faster Forward

We bring speed and simplicity; accelerating the pace at which the future becomes the present.

## Capital & More

We serve the customer through the life-cycle of needs. We are facilitators and counsellors in helping customers achieve their dreams.

## Delivering Delight

We go above and beyond to care and make people happy. We deliver smiles and delight in everything we do.

GO THE
DISTANCE
Ride your wave until you cannot see the shore.
Then wait for your capabilities to surprise you.

# CSR Initiatives

True to the spirit of the Tata companies, Tata Capital believes that Corporate Sustainability is the cornerstone of business operations. Tata Capital's CSR approach is oriented towards a stakeholder-participation methodology where the well-being of the target groups, like the community and the environment, are integral to the long-term success of the company. To guide this journey, Tata Capital has defined its CSR vision and purpose which helps drive CSR implementation and achieve the desired results and impact.

## 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, by making a long term, measurable and positive impact through projects in the areas of Education, Skill Development & Entrepreneurship, Climate Action and Health.

## Focus Areas

| | | | |
|---|---|---|---|
| Education | Climate Action | Health | Skill Development & Entrepreneurship |

*Number of beneficiaries for the year: 2,74,449

## Initiatives and programs undertaken:

- The Cluster Development program aims to provide supplementary education to underprivileged students in Vikramgad and Sudhagad in Maharashtra.
- The Tata Capital Pankh Scholarship program supports meritorious underprivileged youth with scholarships and mentoring for higher education.
- ProAspire is a skilling initiative for underprivileged youth to be skilled in domain knowledge and life-skills and access placement opportunities in the BFSI sector.
- Dhan Gyan is a free e-learning course on financial literacy based on the National Financial Literacy Awareness Test (NFLAT) syllabus. It is available in English and Hindi. (www.dhangyan.com)
- Our health care initiatives, Aarogyatara and Cancer CELL, aim to provide access to quality preventive healthcare to fight against curable blindness and cancer.
- The JalAadhar project is an integrated watershed management program which aims to build water security through water and soil conservation and improved agricultural methods.
- The Green Switch Project aims to provide clean, renewable and reliable electricity to unlit homes in rural parts of India through a community partnership model.
- Project Ecosphere focuses to ensure availability of clean drinking water and water for irrigation with use of solar pumping system in the water stress areas of Mokhada and Sindhudurg, Maharashtra.
- Welfare activities for women:

a) To better the working conditions of women in uniform, a project with Mumbai Police was carried out in the form of refurbishment of restrooms and washrooms for women at VIP Protection Cell – Fort, Azad Maidan and N M Joshi Marg Police Stations.
b) Mobile Toilet Units provided at Kanpur and Thane.
c) Online social, educational and entrepreneurial empowerment programs for our Army Veer Naris (War Widows), the spouses of our martyred and disabled serving soldiers and their dependents.

AIM ABOVE
ORDINARY
Never settle for good. Keep pursuing greatness, and
it will find its way to you.

# Product Portfolio

As a one-stop financial services provider, Tata Capital caters to the diverse financial requirements of its retail, corporate and institutional customers with a comprehensive suite of products and service offerings:

- Personal Loans
- Home Loans
- Business Loans
- Other Consumer Loans
- Cleantech Finance
- Institutional Distribution
- Private Equity
- Loan Against Property
- Wealth Products Distribution
- Commercial and SME Finance
- Leasing Solutions
- Tata Cards

Private Equity Advisory Services are offered by Tata Capital Limited. Private Equity Funds are registered with SEBI as Domestic Venture Capital Funds / Alternative Investment Funds. Personal Loans, Business Loans, Other Consumer Loans, Loan Against Property, Commercial and SME Finance, Wealth Services, Leasing Solutions, are originated and serviced by Tata Capital Financial Services Limited. Home Loans are offered by Tata Capital Housing Finance Limited. Institutional Distribution is offered by Tata Securities Limited. Cleantech Finance is offered by Tata Cleantech Capital Limited. Tata Credit Card is issued, operated and established by SBI Cards and Payments Services Private Limited and is marketed by Tata Capital Financial Services Limited ("TCFSL"). All loan products and services are at the sole discretion of the respective entities.

EMBRACE THE
UNKNOWN
Find a light that guides you. Then give it everything you've got
and come out stronger, braver and fearless.

# Digital Initiatives

Digital transformation continues to be an area of continuous focus for Tata Capital. During FY 22-23, the organisation has continued to invest to create best-in-class digital platforms and products. This in turn has enabled us to provide superior and more personalised customer experiences, greater operational efficiency across the lending value chain and become a relevant player in India's growing digital ecosystem.

During FY22-23, Tata Capital enhanced its digital presence through the launch of a new and improved customer facing website with an improved customer interface, a smarter search tool, industry first features such as dark mode and reimagined retail loan journeys. The website which caters to all retail and corporate customer segments also witnessed a significant increase in customer traffic during the financial year. In addition, the company launched a new omni-channel marketing automation platform which will enable real-time customer engagement across the loan origination servicing. The key features of this tool such as customer journey orchestration using multiple channels, real time nudges, detailed insights & analytics of campaigns executed and App/Web integration for engagement and retention activities will increase our marketing productivity and also ensure a far more personalised experience for our customers.

At Tata Capital, it has been our endeavour to enhance self-service by providing customers with a range of channels and platforms to choose from for all their servicing needs. Currently, over 75% of customer service interactions take place through digital platforms. Customers can interact across channels including web, mobile applications, WhatsApp, chat-bot and voice-bot to name a few. Our chat based servicing channel (TIA) witnessed a significant increase in usage during the year. More than 8 lakh interactions per month take place on TIA- voice and chat-based platform. Further, we launched digital kiosks at few Tata Capital branches. These are user-friendly self-service devices offering more than 20 types of services that customers can avail seamlessly. Overall, the kiosks are helping in reducing the service wait-time and improving efficiency of query resolutions.

We have introduced several industry-best customer journeys to increase the share of direct-to-customer business and to ensure a more seamless customer experience. The share of business from direct and digital channels has increased multi-fold last year. Further, the company has launched digital-only products and services across customer segments. For example, Moneyfy is a digital only wealth service application which allows customers to carry out all their investments in an instant manner. Further, a new seamless journey was launched for customers seeking small business loans. Almost all customer processes starting from on-boarding to underwriting to disbursements are done in a paperless manner for retail loans. Similarly, for SME and corporate customers, a new loan origination system was launched which will simplify the customer journey further and enable quicker processing and sanction of loans.

In line with the overall focus on digital transformation, the use of artificial intelligence and machine learning continued across domains. Several machine learning based scorecards are in use for underwriting as well as debt servicing of loans. Use of these advanced algorithms has helped us assess creditworthiness and mitigate risks, make faster and accurate lending decisions and to set up a more efficient debt servicing strategy. In addition, our use of Robotic Process Automation (RPA) for repetitive tasks in our operations shops has reached a high level of maturity. RPA has now been implemented for almost all centralised processes. This has improved the overall operational efficiency and in turn leaded to cost reduction. The use of digital channels for collection of EMI payments also saw an increase over the year, backed by launch of new payment modes including QR code based payments and UPI payments. Currently more than 90% of collections take place through digital channels.

We also continue to collaborate with FinTechs for business growth and enablement of customer journeys and processes. During the year, the business generated from partnerships has grown significantly. In addition, Tata Capital is integrated with more than 100 plus FinTech partners across multiple domains to enhance service and ensure seamless digital processes.

In this journey of digitisation, Tata Capital will continue to focus on building best in class digital platforms to bring customer delight, enhance operational efficiency and improve productivity. We will continue to create new benchmarks by building capabilities, products and services which will make us a financier of choice across customer segments.

## LEVERAGING DATA ANALYTICS TO UNDERSTAND CUSTOMER BEHAVIOUR

Data analytics is at the core of our growth strategy. It is used to acquire, on-board, service, up-sell, cross-sell, assess risk and improve process efficiency across our functions. Our growth in customer acquisition for lending is enabled through data analytics and advanced data science applications. We have a dedicated team of data science and data engineering experts who support the ambition of data-led personalised customer service delivery. Personalised offers for instant loan applications, pre-approved loan offers for existing relationships, scorecard-based underwriting, pre-delinquency models are some of the examples of leveraging data analytics for real-time decisions and better customer experience. With customer touch points augmented by data analytics and data science, this is becoming the new normal for our customers.

DISCOVER NEW
HORIZONS
There's a lot about the world you don't know yet. Seek answers in
and discover more in the process.

# New Products Introduced

## Micro business loans

Tata Capital launched Micro Business Loans as a sub-variant of Business Loans in April 2022 to Traders, Service providers and Manufacturers. The entire onboarding journey is fully digitized with various integrations including NSDL PAN check, Digital KYC, Banking Analysis Automation and Digital Agreement with Aadhaar E-sign. Customers can now avail small ticket loans in a quick and paperless manner.

PERSIST
AGAINST ODDS
Rise to the challenge. No matter the obstacle, know that if you keep at it, you will realise your full potential.

# Brand Initiatives

Tata Capital has been nurturing its brand promise 'Count on Us', over the last three years. The brand continues to build on its commitment of delivering on promises to ensure consistency, transparency and quick solutions.

Having moved to an 'always-on' media strategy, this financial year saw various digital, social media and conventional media campaigns. The brand remains focused on a media mix of conventional campaigns at regular intervals, supplemented with social media and digital branding through the year to elevate overall equity and consideration.

'Palak Jhapkao Loan Pao', the main Brand Campaign for this financial year had a series of short films themed around digital, seamless and quick loans offered by Tata Capital. The campaign had 4 product films, each based on an insight from the product category. This was followed by a 2nd burst with the addition of a digital product campaign for Loan Against Securities (LAS). The objective was to reach the untapped audiences with a new product solution of 'Digital LAS'.

Tata Capital was also very proud to associate with the inaugural edition of the Tata Women's Premier League 2023. We hope that this partnership with WPL will help provide the opportunity to promote women's cricket and help build a team of cricketing champions. Alongside various on-ground branding integrations, the brand was also present on digital and TV media with the launch of the 'Ek Soch Ko Harana Hai' WPL campaign film.

Two other digital product campaigns for Moneyfy and Home Loans were launched this year. The campaigns had a two-pronged objective of building brand salience and reaching relevant 'intender audiences' creating an uptake on traffic from the campaign, as well as the organic traffic.

The brand could also leverage 2 topical campaigns on 'Mother's Day' and 'Ganesh Chaturthi' on Social Media. Furthermore, an influencer led education series was also launched in the last quarter to reach out to younger audiences. Social Media also contributes in an immense way on all things that get executed in a financial year.

In the years to follow, the brand will continue to raise the bar on marketing activities with newer associations and possibilities. It will remain predisposed to social media and digital media campaigns to connect with immediate prospective audiences, while using conventional media for wider reach objectives.

RIDE INTO
GREATNESS
The greatest get there by defying all odds and finding new ground.
Take inspiration from their stories and let their courage fuel your own.

# Tata Capital Team

## TATA CAPITAL LIMITED

**Board of Directors**
Mr. Saurabh Agrawal – Chairman
Mr. Farokh N. Subedar
Ms. Varsha Purandare
Ms. Malvika Sinha
Mr. V S Radhakrishnan
Mr. Mathew Cyriac
Ms. Aarthi Subramanian
Mr. Rajiv Sabharwal – Managing Director & CEO

**Chief Financial Officer**
Mr. Rakesh Bhatia

**Head - Legal and Compliance & Company Secretary**
Ms. Sarita Kamath

**Statutory Auditors**
KKC & Associates LLP
(formerly Khimji Kunverji & Co LLP)

**Registrar & Transfer Agents**
TSR Consultants Private Limited
(formerly TSR Darashaw Consultants Private Limited)
C-101, 1st Floor, 247 Park
Lal Bahadur Shastri Marg
Vikhroli (West)
Mumbai – 400 083
Tel: +91 22 6656 8484

## TATA CAPITAL FINANCIAL SERVICES LIMITED

**Board of Directors**
Mr. Rajiv Sabharwal – Chairman
Mr. Farokh N. Subedar
Ms. Varsha Purandare
Ms. Malvika Sinha
Mr. V S Radhakrishnan (w.e.f. April 25, 2023)
Mr. Sarosh Amaria – Managing Director

## TATA CAPITAL HOUSING FINANCE LIMITED

**Board of Directors**
Mr. Rajiv Sabharwal – Chairman
Mr. Mehernosh B. Kapadia
Ms. Malvika Sinha
Mr. Sujit Kumar Varma
Mr. Ankur Verma
Mr. Anil Kaul – Managing Director

## TATA CLEANTECH CAPITAL LIMITED

**Board of Directors**
Ms. Varsha Purandare – Chairperson
Mr. Sujit Kumar Varma
Mr. Lodewijk Govaerts
Mr. Rajiv Sabharwal
Mr. Manish Chourasia – Managing Director

## TATA SECURITIES LIMITED

**Board of Directors**
Mr. Rajiv Sabharwal – Chairman
Mr. Avijit Bhattacharya
Ms. Abonty Banerjee

## REGISTERED OFFICE

Tower A, 11th Floor, Peninsula Business Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai – 400 013
Tel: +91 22 6606 9000
Corporate Identity Number:
U65990MH1991PLC060670

SOAR ABOVE
THE CLOUDS
When you can take the leap and be okay with falling,
is when you can truly fly.

# Snapshot of Numbers

| | |
|---|---|
| Book Size<br>**1,20,940 cr** | Retail + SME Book<br>**80%** |
| Total Comprehensive Income<br>**2,975 cr** | **Amongst Top 3** diversified NBFCs in India |
| Locations<br>**439** | **90%** locations in non - metros |
| Customers<br>**3.1 million+** | **80%** from non - metros |

# GO AGAINST THE CURRENT

While it's easy to go with the flow, sometimes riding against the tide can bring you to newer shores, and lead you to greater heights.

# Awards

**Employee Engagement Awards**
*Great Place to Work certified - 2023*

**CSR Awards**
*Best Practice - The Green Switch by Tata Business Excellence Group*
*Winner in the Environment category – 5th CSR Journal Excellence Awards 2022*

**L&D Awards**
*TISS LeapVault CLO Award "Best Leadership Development Programme – 2022"*
*Best L&D Team of the Year by Transformance*

**ET BFSI Excellence Award - Excellence in Innovation for Best Customer Orientation won by Microfinance team**

**JSW The Times of India 10th Earth Care Awards - Enterprises in the renewable energy space**

**Indian Chamber of Commerce**
*Green Urja Award - Top Financing Institutions for RE & EE, 2022*
*Top Financing Institutions for EV Transit, 2022*

**Digital Customer Experience Confex and Awards 2023**
*Best Contact Centre of the Year (Customer Service)*
*Best CX Strategy of the Year (Customer Service)*
*Best Customer Retention Strategy (Loan Against Property)*
*Best use of Data Analysis in CX (Loan Against Property)*
*Best use of Omni Channel in CX (Loan Against Security – HNI & Retail)*
*Digital CX Strategy of the Year (Tata Digital – Qik PL)*

**Tata Capital has been recognised as one of the Best BFSI Brands 2023 by The Economic Times**

**Tata Capital has been recognised as Most Preferred Brands 2022 by Marksmen**

**Runner-up: Large NBFC and Category of Lending at ASSOCHAM's 17th Annual Summit & Awards on Banking & Financial Sector Lending Companies**

**Excellence in Real Estate Finance at the NAREDCO TIMES REAL ESTATE CONCLAVE & ICONS 2023**

**Risk Management Team of the Year at CRO Leadership Summit & Awards**

**Best in Class Wealthtech Solution Award at Global Fintech Awards 2022**

**Audit Excellence – Award at Annual Banking & Finance Audit Conclave, 2023**

# Message from the Chairman

**Dear Shareholders,**

It has been over fifteen years since the foundation of Tata Capital Limited was laid to build a world-class enterprise in the Indian financial services industry. It gives me immense pleasure to say that your Company has gone from strength to strength over the past few years and is recognised as one of the leading NBFCs in the country having crossed the coveted milestone of ₹1 Lakh Crore book during the current financial year. While the journey has been challenging, it has been highly satisfying. We have been on an accelerated growth trajectory for the past few years and feel very excited about the future.

Last year we witnessed global headwinds and uncertainties at domestic level as the economy continued to face tremors in the form of the Russia-Ukraine war, supply chain disruptions, implacable inflationary pressures, monetary tightening, and the unprecedented shake-up in the start-up ecosystem. However, Indian economy continued to remain a beacon for the rest of the world. With a supportive government and regulator, backed by a strong digital stack, ever-improving financial inclusion, significant infrastructure push amidst a supportive monetary and fiscal policy, I'm quite optimistic that India will continue to remain one of the fastest growing large economies in the world.

There is no better place to see this optimism coming to fruition than financial services. From the lows of the pandemic to a sector healthy and ready to support exponential growth, I could not have imagined a more successful turnaround. I see a far more buoyant and sticky demand for credit accompanied by early signs of revival in the investment cycle. With much stronger balance sheets, asset quality no longer the primary concern, and comfortable capital and liquidity position, the sector has seen unprecedented growth in recent years, particularly across retail and MSME segments.

NBFCs have continued to thrive and gain ground with their sharp focus on customers and technology. And, it's comforting to witness that over the years Tata Capital has consolidated its leadership position among the NBFCs. I take great pride in saying that we have achieved several "highest-evers" during the last year. Having said that, let me present the key performance highlights of your Company for the financial year 2022-23 (or FY23) on a consolidated basis:

- Crossed ₹1 Lakh Crore book size mark; one of the select few private NBFCs to achieve the landmark till date.
- Loan book grew by 28% Y-o-Y (+8% Q-o-Q) to ₹1,20,940 Crore with Retail + SME constituting 80% of the total loan book.
- Highest-ever disbursals in FY23; up by 42% Y-o-Y; crossed ₹20,000 Crore quarterly disbursals mark for the 1st time.

- Highest-ever profit after tax of ₹2,975 Crore; up by 80% Y-o-Y.
- Highest-ever RoE, including one-time gains, is 23.0%. Excluding one-time gains, RoE is 17.3%, up from 15.6% in FY22.
- Credit costs stood at 0.5% in FY23; lower by 47% on a Y-o-Y basis.
- Lastly, and most important, the asset quality continues to remain amongst the best in the industry with GNPA at 1.7% (Mar'22: 1.9%) and NNPA at 0.4% (Mar'22: 0.6%).

Digital transformation continues to be an area of continuous focus for Tata Capital. During the FY23, the organisation continued to invest to create best-in-class digital platforms and products. This in turn has enabled Tata Capital to provide superior and more personalised customer experiences, greater operational efficiency across the lending value chain and become a relevant player in India's growing digital ecosystem.

Your Company has tripled its branch footprint over the past two years with an objective to reach deeper markets, in a well-thought-out strategy to reach and tap the underserved markets to achieve scale. The Company continues to invest in future-ready infrastructure which will give it a solid footing in the years to come and aspire for more going forward.

Your Company has also taken steps towards simplifying its corporate structure with a roadmap set for merging its two operating subsidiaries – Tata Capital Financial Services Limited & Tata Cleantech Capital Limited – with itself, and in the process creating a larger unified entity with a wider and stronger capital and asset base, having greater capacity for conducting its operations more efficiently and competitively. This shall also help us move towards 'Listing-ready' structure aligned with Scale Based Regulations for shareholder value maximisation.

Your Company's marketing campaign *'Palak Jhapkao, Loan Pao'* was well-received and has helped garner a significant traffic growth on the Tata Capital digital assets, furthering our brand promise – 'Count on US' – across the board. Tata Capital was the official partner for the inaugural edition of the Tata Women's Premier League launching a much lauded digital & TV campaign *'Ek Soch ko Harana Hai'* challenging the thought process that women cannot play cricket!

I would like to highlight that any successful journey is an outcome of multiple elements – purpose, vision, culture and values – coming together and becoming more than the sum of its parts. It's heartening to see your Company live its purpose of "Responsible financial partner fulfilling India's aspirations" every day which is the north star for everything we think, believe and act upon.

I take this opportunity to congratulate the outstanding leadership team, senior management and all my colleagues who have relentlessly worked towards scripting this success and will consider this year's excellent results as a springboard for many more successful years to come. The unwavering commitment demonstrated by one and all in your Company is a testament to this success. Further, I also thank all our partners and collaborators who have worked together diligently to expand our reach and strengthen our capabilities and co-create win-win propositions for our customers.

As we step into FY24, I expect some headwinds such as persistent inflation, prolonged supply chain disruptions, recessionary fears in Western & European economies that may affect exports from India and may potentially impact India's growth outlook. However, I am quite confident that Tata Capital, now more than ever, is prepared to weather any headwinds with a strong capital base and robust fundamentals. The Company will continue to focus and invest in right areas and set up an enterprise which is future-ready, cultivate a data & innovation-led culture, and leverage digital and technology to bring delight to its customers.

Thank you for your continued trust and support.

Yours sincerely,
Mr. Saurabh Agrawal
Chairman, Tata Capital Limited

# Message from the Managing Director & CEO

## Dear Shareholders,

This was a milestone year for Tata Capital and at the outset, I want to congratulate everyone associated with the Company - We crossed the coveted mark of ₹1 Lakh Crore Loan Book in the first half of the year and continued to scale thereon, finally ending the year with a Loan Book in excess of ₹1.2 Lakh Crore (up by 28% YoY). While the sector in general has witnessed a steady recovery from the pre-pandemic lows, it's a testament to Tata Capital's strong execution focus that it is now one of the fastest growing players within financial services in India.

When we started the year, the broader economy remained under pressure in terms of macro-headwinds: higher inflation, rising interest rates and global supply chain crisis. We must laud the regulator's efforts to maintain the Indian financial services sector on a strong footing, despite the turmoil in the banking industry worldwide. Indian financial services players have stayed resilient courtesy the robust regulatory framework put in by the regulator.

During the year, your Company took significant steps towards consolidating leadership position across products among non-banks and was among the best performing NBFCs in the country. And, I must say with pride that we continue to do better with each passing year, in terms of scale, growth, profitability, and book quality. Your Company continues to deliver on all the key performance metrics and is well on track to become one of the most admired NBFCs in India.

## Scaling New Heights, Pushing Boundaries

Let me share some key highlights of our consolidated performance during the year:

- Disbursals grew by 42% YoY to ₹75,099 Crore led by our investments in digital and focus on deeper markets.
- Consolidated market position in key products across both Retail as well as MSME segments. Share of Retail & MSME stood at 80%+ of the loan book.
- Margins improved by 20 bps YoY; aided by high growth and better product mix despite higher cost of funds.
- Credit cost stood at 0.5% (down by 80 bps YoY), which is amongst the lowest in the industry.
- Continued to maintain strong asset quality, which remains the best amongst peers. As of year-end, the gross NPA & net NPA stood at 1.7% & 0.4% respectively.
- Achieved highest-ever PAT of ₹2,975 Crore with a YoY growth of 80%; excluding certain one-time gains, PAT stood at ₹2,414 Crore (up by 46% YoY).
- Achieved highest-ever RoE of 23.0%, up by 740 bps YoY; excluding one-time gains, the RoE stood at 17.3%.

Now, coming to the key drivers that have taken your Company from strength to strength and transformed it into a solid business franchise:

**Focus on Scale:** In our continuous efforts to reach a wider set of customers, we have doubled down on our expansion efforts. Our branch network has increased by 3x since Mar-21 to 438 branches as of Mar-23. Your Company also remains focused on building value accretive partnerships, strengthening its digital channels and leveraging alternate data to grow its customer base while catering to both – New-to-Company as well as New-to-Credit – segments. To take advantage of the market opportunity, we will keep investing in extending our reach and enhancing our capabilities.

**Accelerated digital transformation:** We firmly believe that the future is digital, and it is technology that will act as the key differentiator going forward. Bearing this in mind, your Company has taken focused efforts to turn more digital with each passing day. Over 95% of our customers are now onboarded through digital platforms. We have also partnered with 100+ new age companies to strengthen our technologies while focusing on providing unified customer journeys for both online as well as assisted channels. We have also worked on leveraging data and analytics in a big way across the customer lifecycle, right from sourcing, cross-selling, credit underwriting and collections. We remain committed to delivering best-in-class customer experience and ensuring customer delight in our day-to-day operations.

**Strong asset quality:** In financial services, balancing quality while growing is a differentiator and it is this which I believe sets your Company truly apart from the others. Year on year, we have been proud to report the best-in-class asset quality with gross & net NPA at 1.7% & 0.4%, respectively. Our credit costs are also among the lowest in the industry. This is a testimony of our analytics-led credit underwriting and a strong collections backbone. Even as we scale up our business across products, maintaining this level of asset quality will be our top most priority.

**The Brand – 'Tata Capital':** This year we continued to make investments in fortifying our Brand value and were proud to be associated as one of the title sponsors for the 1st ever edition of Women's Premier League. Our marketing campaign which was centred around changing the way India thinks about women in sports – *'Ek Soch ko Harana Hai'* received overwhelming response. We also launched our *'Palak Jhapkao Loan Pao'* campaign during the year which helped us highlight how meeting our users' needs within a short time frame is one of our key goals. We also ran several digital campaigns to drive our brand promise.

Through all these initiatives, our endeavour remains to drive home our brand promise to our customers: COUNT ON US

## A Future ready Organisation

Stepping into FY24, while we remain cautious of the economic headwinds, our belief in India's growth story and even more so, in that of its resilient BFSI sector, remains strong. I am sure that this, coupled with our legacy, robust fundamentals, and TATA values, will help us achieve many more milestones in the coming years.

This year we have embarked on simplifying our legal entity structure wherein two of our subsidiaries – Tata Capital Financial Services Limited ('TCFSL') and Tata Cleantech Capital Limited ('TCCL') will merge with the holding Company i.e., Tata Capital Limited to create a unified entity with a wider and stronger capital and asset base. We have filed for necessary approvals and expect the merger to go through in FY24.

Like in the past, Tata Capital will be guided by Tata Group philosophies across all our businesses. Our ambition to grow stronger will be anchored by the investments we make in our people and how we foster a culture of collaboration and learning across the organisation. I truly believe that we are in the most exciting phase of our growth journey and, as I pen this letter, I'm equally excited as I envisage what the future holds for us.

As I conclude, I would like to acknowledge the contribution made by all my colleagues who have relentlessly worked during the year and helped us become one of the best performing NBFCs. I would like to express my gratitude towards our esteemed Board for their unwavering support and guidance throughout this journey. And lastly, I would like to thank our shareholders for continuing placing their valuable trust in us.

Yours Sincerely,
Mr. Rajiv Sabharwal
Managing Director & CEO, Tata Capital Limited

# BOARD'S REPORT

**To the Members,**

The Board has pleasure in presenting the 32nd Annual Report and the Audited Financial Statements for the Financial Year ("FY") ended March 31, 2023.

## 1. BACKGROUND

Tata Capital Limited ("Company" or "TCL"), the flagship financial services company of the Tata Group, primarily holds investments in its subsidiaries which are mainly engaged in lending and offering a wide array of services/products in the financial services sector. TCL is a subsidiary of Tata Sons Private Limited and is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Deposit Accepting Core Investment Company ("CIC"). TCL has been classified as a Middle Layer NBFC ("NBFC-ML") as per the RBI Scale Based Regulations. Besides being a holding company, TCL carries out only such activities as are permitted under the Directions issued by the RBI for CICs, as amended from time to time. TCL and its subsidiaries are hereinafter collectively referred to as "Tata Capital".

## 2. FINANCIAL RESULTS

**(₹ in crore)**

| Particulars | Consolidated | | Standalone | |
|---|---|---|---|---|
| | FY 2022-23 | FY 2021-22 | FY 2022-23 | FY 2021-22 |
| **Gross Income** | 13,637.00 | 10,311.41 | 1,353.14 | 511.89 |
| Less: Finance Costs | 6,600.78 | 4,889.03 | 304.83 | 289.70 |
| **Net Interest Margin and Other Revenue** | **7,036.22** | **5,422.38** | **1,048.31** | **222.19** |
| Impairment on Financial Instruments / Investments | 581.94 | 1,083.28 | 6.21 | 7.30 |
| Employee Benefits Expense | 1,285.41 | 889.80 | 109.43 | 87.42 |
| Depreciation, Amortisation and Impairment | 226.02 | 275.88 | 11.27 | 7.10 |
| Other Expenses | 1,152.99 | 935.34 | 35.76 | 17.42 |
| **Profit Before Tax** | **3,789.86** | **2,238.08** | **885.64** | **102.95** |
| Less: Provision for Tax | 990.79 | 546.91 | 165.13 | 19.85 |
| **Profit After Tax** | **2,799.07** | **1,691.17** | **720.50** | **83.10** |
| Add: Share of Net Profit of Associates using the equity method | 146.70 | 109.64 | - | - |
| Less: Non-controlling interest | (29.13) | 152.60 | - | - |
| **Profit After Tax attributable to owners of the Company** | **2,974.90** | **1,648.21** | **720.50** | **83.10** |
| Other comprehensive Income attributable to owners of the Company | 1,744.44 | 50.63 | 1,827.90 | (0.99) |
| **Total comprehensive Income attributable to owners of the Company** | **4,719.34** | **1,698.84** | **2,548.40** | **82.11** |
| Amount brought forward from previous year | 3,214.99 | 1,838.81 | 242.34 | 177.22 |
| Amount available for appropriation | 7,934.33 | 3,537.65 | 2,790.74 | 259.33 |

(₹ in crore)

| Particulars | Consolidated | | Standalone | |
|---|---|---|---|---|
| | FY 2022-23 | FY 2021-22 | FY 2022-23 | FY 2021-22 |
| **Less Appropriations:** | | | | |
| Special Reserve Account | 650.13 | 351.13 | 144.28 | 16.99 |
| Interim Dividend on Equity Shares | (55.42) | - | 56.26 | - |
| Others | (23.57) | (28.47) | - | - |
| **Surplus carried to Balance Sheet** | **7,208.67** | **3,214.99** | **2,590.20** | **242.34** |

**Consolidated Results:**

Tata Capital's consolidated book size increased to ₹ 1,20,940 crore as at March 31, 2023 from ₹ 94,349 crore as at March 31, 2022.

During FY 2022-23, Tata Capital recorded consolidated Total Income of ₹ 13,637 crore as against ₹ 10,311 crore in FY 2021-22, an increase of about 32%. The Total Income comprised Income from financing activities of ₹ 12,100 crore (FY 2021-22: ₹ 9,286 crore), Investment Income of ₹ 1,127 crore (FY 2021-22: ₹ 630 crore) and Other Income of ₹ 410 crore (FY 2021-22: ₹ 395 crore).

The consolidated interest expense for the year was ₹ 6,601 crore (FY 2021-22: ₹ 4,889 crore), an increase of 35% which was primarily on account of higher cost of funds.

The Consolidated Net Interest Margin and Other Income for the year was ₹ 7,036 crore (FY 2021-22: ₹ 5,422 crore), an increase of 30% which was primarily on account of increase in book and higher other income.

Impairment on Investments and Financial Instruments decreased to ₹ 582 crore in FY 2022-23 compared to ₹ 1,083 crore in FY 2021-22. The consolidated Gross Non-Performing Assets ("GNPA") showed decrease from 1.90% in FY 2021-22 to 1.71% in FY 2022-23. The Net Non-Performing Assets ("NNPA") also decreased from 0.6% in FY 2021-22 to 0.4% in FY 2022-23. Provision Coverage Ratio ("PCR") stood at 77% (FY 2021-22: 71%)

The Operating Expenses (including Employee costs, Depreciation and other expenses) increased by 27% as compared to FY 2021-22.

During the year, Tata Capital's Profit After Tax attributable to owners of the Company on a consolidated basis increased by about 80%, to ₹ 2,975 crore (FY 2021-22: ₹ 1,648 crore).

The consolidated Return on Assets ("RoA") for FY 2022-23 was 2.9% (FY 2021-22: 2.0%) while the Return on Equity ("RoE") was 23% (FY 2021-22: 15.6%).

**Standalone Results:**

During FY 2022-23, TCL recorded Gross Income of ₹ 1,353.14 crore (FY 2021-22: ₹ 511.89 crore) Profit after Tax during the year was ₹ 720.50 crore (FY 2021-22: ₹ 83.10 crore).

## 3. SHARE CAPITAL

The paid-up Equity Share Capital of the Company was ₹ 35,60,11,98,410 as on March 31, 2023.

During FY 2022-23, the Company issued and allotted 4,39,52,097 Equity Shares of ₹ 10 each at a premium of ₹ 125.10 per Equity Share, aggregating ₹ 593.80 crore, on a 'Rights Basis' to the existing Equity Shareholders.

During FY2022-23, consequent to the Put Option exercised by the Preference Shareholders, Cumulative Redeemable Preference Shares ("CRPS") aggregating ₹ 40.19 crore were redeemed. Accordingly, the paid-up Preference Share Capital as on March 31, 2023 was ₹ 1,069.72 crore. The details of CRPS redeemed are available at Page No. 324 of the Annual Report.

As per Indian Accounting Standards ("Ind AS"), CRPS have been classified and reported under borrowings (other than debt securities) in the Standalone Financial Statements.

## 4. DIVIDEND

The Board of Directors of the Company declared Interim Dividend on the CRPS for the following tranches for the period April 1, 2022 to March 31, 2023, on March 29, 2023, as under:

| Tranche(s)* | No. of CRPS | Dividend Rate (%) p.a. | Dividend Amount including TDS (In ₹) |
|---|---|---|---|
| T, U, V, W, AF, AG, AH, AI, AJ, AK, AL, AM and AN | 69,26,000 | 7.50 | 51,94,50,000 |
| X and Y | 14,09,500 | 7.33 | 10,33,16,350 |
| Z | 6,45,500 | 7.15 | 4,61,53,250 |
| AA, AB, AC and AD | 13,16,250 | 7.10 | 9,34,53,750 |
| AE | 4,00,000 | 7.75 | 3,10,00,000 |
| | | **Total** | **79,33,73,350** |

**CRPS on which Put Option has not been exercised or was not applicable.*

Since the Company has paid Dividend to the CRPS holders for the period April 1, 2022 to March 31, 2023, by way of an Interim Dividend, the Directors do not recommend any final dividend on the CRPS.

Further, consequent upon the exercise of Put Option by the Shareholders, CRPS of the nominal value aggregating ₹ 40.20 crore were redeemed during the year and accordingly, Interim Dividend aggregating ₹ 96,18,664 (including TDS) was paid on these CRPS for the period from April 1, 2022 up to the date of redemption. The details of Interim Dividend paid on redemption are as under:

| Tranche(s)* | Dividend Rate (%) | No. of CRPS | Redemption Date | Dividend Amount including TDS (In ₹) |
|---|---|---|---|---|
| AB, AC and AD | 7.10 | 4,01,950 | August 01, 2022 | 96,18,664 |

**partial redemption consequent upon exercise of Put option by the shareholders.*

The Directors of your Company recommend a final dividend of Re. 0.21 per Equity Share of ₹ 10 each for the FY2022-23, subject to approval of the Members.

## 5. OVERVIEW OF THE COMPANY, ITS SUBSIDIARIES AND ASSOCIATES

### 5.1 Structure of Business Operations at Tata Capital

TCL is primarily a holding company, holding investments in its subsidiaries and other group companies and carries out only such activities, including advising and/or management of private equity funds, as are permitted under the Directions / Guidelines issued by the RBI for CICs, from time to time. All the other operating businesses are carried on by the subsidiaries of TCL.

The financial services sector in India, as also globally, is highly regulated. TCL and its subsidiaries are subject to regulations by authorities such as the RBI, the Securities and Exchange Board of India ("SEBI"), the National Housing Bank ("NHB"), the Monetary Authority of Singapore ("MAS"), the Financial Conduct Authority, UK , the Association of Mutual Funds of India ("AMFI") and the Insurance Regulatory and Development Authority of India ("IRDA").

A detailed discussion on the Private Equity Funds and TCL's subsidiaries is set out in the below paras.

## 5.2 Private Equity

### 5.2.1 Domestic Funds

The Company has set up six Private Equity Funds in India, viz. Tata Capital Growth Fund I, Tata Capital Growth Fund II, Tata Capital Healthcare Fund I, Tata Capital Healthcare Fund II, Tata Capital Innovations Fund and Tata Capital Special Situations Fund - Trust (collectively referred to as "Funds"). These Funds have been registered with SEBI as Venture Capital Funds / Alternative Investment Funds. The Company has sponsored these Funds and acts as their Investment Manager. The aggregate Assets Under Management of these Funds is ₹ 2,698 crore, as at March 31, 2023.

The performance of the above Funds is reviewed below:

**i) Tata Capital Growth Fund I ("TCGF I") and Tata Capital Growth Fund II ("TCGF II")**

TCGF I was set up with a mandate to make private equity growth capital investments in companies that have a significant portion of their operations in India. TCGF I's investment focus themes are Urbanisation, Discrete Manufacturing and Strategic Services. The Fund typically targets stakes in portfolio companies with Board representation and other significant shareholder rights.

TCGF I has provided growth capital funding to industry leading companies, with an average deal size of approximately ₹ 40 crore. TCGF I declared its final close in February 2011, with commitments of ₹ 339 crore, of which, ₹ 253 crore was invested in six portfolio companies. TCGF I's commitment period ended on November 9, 2015. The term of the Fund was extended to September 30, 2023 with approval of TCGF I's Investor Advisory Board and requisite majority of Contributors.

During the year, the Fund participated in the buyback of equity shares announced by Tata Technologies Limited ("TTL") and tendered 401,003 equity shares which were bought back at a price of ₹ 1,982 per share. In March 2023, with a view to listing it's shares on the stock exchanges by way of an Offer for Sale ("OFS") TTL filed its DRHP with SEBI. TCGF I expects to tender up to one third of its holding in the proposed OFS.

As at March 31, 2023, the TVPI multiple (Total Value, including Distributions, to Paid in Capital), after providing for estimated manager incentive is 2.78x.

TCGF II is the Successor fund to TCGF I. TCGF II declared its final close on January 15, 2021 and has commitments of ₹ 1,235 crore (includes commitments of USD 118 million). The Company has committed ₹ 362.9 crore as Sponsor commitment to TCGF II. TCGF II has drawn down 54% of its commitments of which ₹ 591 crores was invested in 5 portfolio companies. During the year, TCGF II divested 3,800,100 equity shares held in in Star Health & Allied Insurance Company Ltd for ₹ 270.64 crore.

**ii) Tata Capital Healthcare Fund I ("TCHF I") and Tata Capital Healthcare Fund II ("TCHF II")**

TCHF I was set up to target long-term capital appreciation through private equity growth-capital investments in healthcare companies involved in pharmaceutical, contract research/ manufacturing, hospital services, medical devices, diagnostic and other healthcare segments. TCHF I's investment strategy is predicated on high growth consumption and competency themes within the Indian healthcare sector, driven by increasing per capita disposable income, rising urbanisation, growing health awareness, increasing chronic and life-style oriented disease pattern and growth in domestic healthcare infrastructure. The Fund typically targets stakes in portfolio companies with Board representation and other significant shareholder rights. TCHF I has provided growth capital funding to companies with an average deal size of approximately ₹ 35 crore. TCHF I declared its final close in April 2012, with commitments of ₹ 319 crore, of which, ₹ 245 crore was invested in seven portfolio companies. TCHF I's commitment period ended on July 13, 2015. The term of the Fund was extended to June 30, 2023 with approval of TCHF I's Investor Advisory Board and requisite majority of Contributors.

As at March 31, 2023, the TVPI multiple (Total Value, including Distributions, to Paid in Capital) of TCHF I, after providing for estimated manager incentive was 1.87x.

TCHF II is the Successor fund to TCHF I. TCHF II declared its final close on March 11, 2022 with investor commitments of ₹ 955 crore (includes commitments of USD 53.25 million). The Company has committed ₹ 140 crore as Sponsor commitment to TCHF II. TCHF II has drawn down 37% of commitments of which ₹ 322 crore was invested in 5 portfolio companies.

**iii) Tata Capital Innovations Fund ("TCIF")**

TCIF is a sector agnostic venture capital fund and invests in early stage companies, offering technology based solutions for Indian as well as global markets. TCIF focuses on investments which have a potential to create new growth opportunities, increase efficiency, bring affordability and accessibility to the industry or change the way business is conducted. The Fund typically targets stakes in portfolio companies with Board representation and other significant shareholder rights. TCIF declared its final close in April 2012, with commitments of ₹ 287 crore, of which, ₹ 218 crore has been invested in seven portfolio companies as at March 31, 2023. The term of the Fund was extended to January 29, 2024 with approval of the Fund's Investor Advisory Board and requisite majority of Contributors.

During the year, TCIF divested 8,172 equity shares held in Sea6 Energy Private Limited for ₹ 26.89 crore.

As at March 31, 2022, the TVPI multiple (Total Value, including Distributions, to Paid in Capital) of TCIF is 0.53x.

**iv) Tata Capital Special Situations Fund ("TCSSF")**

TCSSF focuses on investing in turnaround opportunities. The Fund typically targets stakes in portfolio companies with Board representation and other significant shareholder rights. Of the aggregate drawn amount of ₹ 265 crore, ₹ 222 crore was invested in four portfolio companies. TCSSF's commitment period ended on March 31, 2014 and its term ends on December 4, 2023. During the year, 3,000,000 TCSSF divested cumulative redeemable preference shares held in TEMA Limited for ₹ 3 crore.

As at March 31, 2023, the TVPI multiple (Total Value, including Distributions, to Paid in Capital) of TCSSF is 1.16x.

### 5.2.2 Overseas Funds

The Overseas Funds, viz. Tata Capital Growth Fund Limited Partnership ("TCGFLP"), Tata Capital Growth Fund II LP ("TCGFIILP"), Tata Capital HBM Healthcare Fund I Limited Partnership ("TCHHFLP"), Tata Capital Healthcare Fund II (Feeder) LP ("TCHFIILP") and Tata Opportunities Fund Limited Partnership ("TOF"), are based in Singapore.

The Company's step down subsidiary in Singapore, Tata Capital Advisors Pte. Ltd is the Investment Manager for TCGFLP, TCGFIILP, TCHHFLP, TCHFIILP and TOF. Overseas Funds accept commitments only from overseas investors. The aggregate investor commitments raised by the Overseas Funds as at March 31, 2023 were US$ 888 million.

TCGFLP declared its final close in November 2011 with commitments of US$ 167 million, of which, approximately 86% has been drawn down and US$ 125 million has been invested in portfolio companies. During the year, the Fund participated in the buyback of equity shares announced by Tata Technologies Limited ("TTL") and tendered 802,004 equity shares which were bought back at a price of ₹ 1,982 per share. TCGFIILP is a feeder fund to TCGF II. TCGFIILP declared its final close on January 15, 2021 with commitments of US$ 108 million.

TCHHFLP declared its final close in January 2016 with commitments of US$ 15 million, of which, approximately 99% has been drawn down and US$ 11 million has been invested in portfolio companies. TCHFIILP is a feeder fund to TCHF II and has declared its final close on March 11, 2022 with commitments of US$ 53 million.

TOF declared its final close in March 2013, with commitments of US$ 545 million, of which, over US $ 485 million (89%) has been drawn down as at March 31, 2023 and over US$ 386 million has been invested in portfolio companies.

The Company has a co-investment arrangement with TOF, whereby the Company has a commitment to co-invest the Indian Rupee equivalent of an amount of up to US $ 50 million alongside TOF, subject to regulatory restrictions.

## 5.3 Review of Subsidiaries and Associates

### 5.3.1 Subsidiaries:

As on March 31, 2023, the Company had the following subsidiaries, brief details of whose performance are given below:

**i) Tata Capital Financial Services Limited ("TCFSL")**

TCFSL is a wholly-owned subsidiary of the Company, registered with the RBI as a Systemically Important Non-Deposit Accepting Non-Banking Financial Company ("NBFC-ND-SI").

TCFSL's main areas of business include Retail Finance, SME and Commercial Finance. In the Retail Finance space, TCFSL offers a wide range of Loans, such as Auto Loans (Used Car Loans and Two Wheeler Loans), Construction Equipment and Commercial Vehicle Loans, Business Loans, Loans Against Property, Personal Loans, Consumer Durables Loans, Loans Against Securities and micro finance.

In the SME and Commercial Finance segment, TCFSL specializes 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, Structured Products and factoring.

TCFSL's portfolio increased by ₹ 15,690 crore from ₹ 56,169 crore in FY 2021-22 to ₹ 71,859 crore in FY 2022-23. TCFSL's Profit Before Tax was ₹ 1,853 crore (FY 2021-22: ₹ 1,080 crore) and the Profit After Tax for the year increased by about 69% to ₹ 1,383 crore (FY 2021-22: ₹ 817 crore).

The consolidated Profit After Tax, after accounting for share in Profits of Associates for FY 2022-23, increased by 69 % to ₹ 1,382 crore, as compared to ₹ 818 crore in FY 2021-22.

In FY 2022-23, the Gross and Net Non-Performing Assets ("NPA") stood at 2.0% and 0.3% as compared to 2.2% and 0.5% in FY 2021-22, respectively.

**ii) Tata Capital Housing Finance Limited ("TCHFL")**

TCHFL is a wholly-owned subsidiary of the Company and is registered as a Housing Finance Company with the NHB to carry on housing finance activities. TCHFL primarily offers Home Loans and Affordable Housing Finance Loans, Loans Against Property and Loans to Developers for constructing Residential and Commercial premises.

TCHFL's loan portfolio stood at ₹ 38,617 crore as on March 31, 2023 (₹ 30,150 crore as on March 31, 2022). TCHFL's Profit Before Tax was ₹ 1,101 crore (FY 2021-22: ₹ 760 crore) and the Profit After Tax for the year increased by 44% to ₹ 821 crore (FY 2021-22: ₹ 569 crore).

In FY 2022-23, the Gross and Net NPA stood at 1.55% and 0.6% as compared to 1.60% and 0.7%, in FY 2021-22, respectively.

**iii) Tata Cleantech Capital Limited ("TCCL")**

TCCL is a joint venture between TCL and International Finance Corporation, Washington D.C., USA, with equity holding in the ratio of 80.50:19.50 respectively.

TCCL is registered with the RBI as an Infrastructure Finance Company and is engaged in the business of providing cash flow based finance and advisory services for projects in Renewable Energy, Energy Efficiency, Waste Management, Water Management and Infrastructure Finance.

TCCL's portfolio increased by ₹ 2,634 crore from ₹ 7,830 crore in FY 2021-22 to ₹ 10,464 crore in FY 2022-23. TCCL's Profit Before Tax was ₹ 371 crore (FY 2021-22: ₹ 269 crore) and the Profit After Tax increased by about 37% to ₹ 279 crore (FY 2021-22: ₹ 204 crore).

In FY 2022-23 , the Gross and Net NPAs stood at 0.5% and 0.2% as compared to 0.8% and 0.5%, in FY 2021-22, respectively.

**iv) Tata Securities Limited ("Tata Securities")**

Tata Securities is a wholly-owned subsidiary of the Company, currently engaged in the business of distribution of Mutual Fund units in the capacity of an AMFI registered distributor. Tata Securities has been empanelled with several Asset Management Companies operating in India. Tata Securities is a member of BSE Limited registered in the cash segment and of the National Stock Exchange of India Limited ("NSE") registered in the capital market, futures and options and currency derivatives segments. Tata Securities is a Depository Participant of Central Depository Services (India) Limited and of National Securities

Depository Limited and is also registered with SEBI as a Research Analyst. Tata Securities is registered with Pension Fund Regulatory and Development Authority ("PFRDA") to act as a Point of Presence-Sub Equity ("POP-SE") under National Pension System ("NPS") for HDFC Pension Management Co Ltd).

Tata Securities ventured into Digital Wealth Business in March 2020 through the launch of Moneyfy application to distribute mutual funds and other financial and investment products to cater the millennial tech savvy population of India.

During the year under review, Tata Securities reported a Gross Income of ₹ 4.69 crore (FY 2021-22: ₹ 5.78 crore) and Loss of ₹ 15.21 crore (Loss for FY 2021-22: ₹ 11.72 crore).

**v) Tata Capital Pte. Ltd., ("TCPL"), Singapore and its subsidiaries, viz. Tata Capital Advisors Pte. Ltd. ("TCAPL"), Singapore and Tata Capital Plc. ("TCPLC"), UK**

TCPL, a wholly-owned subsidiary of TCL, carries out the business of proprietary investments and fund management, either on its own or through its subsidiaries.

TCAPL, a wholly-owned subsidiary of TCPL, holds a Capital Markets Services ("CMS") license under the Securities and Futures Act of Singapore, issued by the MAS for conducting regulated fund management activities. TCAPL acts as an Investment Manager to the offshore Private Equity Funds set up by TCPL.

TCPLC, a wholly owned subsidiary of TCPL had been, since incorporation on 10 November 2009, carrying on the regulated activity of providing advisory and fund-raising services with a focus on cross border mergers and acquisitions, involving clients based in India and the ASEAN region as well as in the UK and Continental Europe. The Company also supported Tata Asset Management Limited since April 2019 for their foray into the UK and Europe which ceased in July 2021 following which TCPLC surrendered its Financial Conduct Authority (the "**FCA**") Part 4A Permissions. During the year, the Board deliberated on the future potential of TCPLC and concluded that there was no merit in continuing this entity. Therefore, on 9 August 2022, the Board resolved to put TCPLC into Members Voluntary liquidation as a solvent entity and was placed into formal liquidation on 28 March 2023.

During the year under review, TCPL recorded a consolidated Gross Income of US$ 11 million i.e. ₹ 85 crore (FY 2021-22: US$ 16 million i.e. ₹ 117 crore). For FY 2022-23, Profit Before Tax was at US$ 3 million i.e. ₹ 21 crore (FY 2021-22: US$ 11 million i.e. ₹ 82 crore) and Profit After Tax was at US$ 3 million i.e. ₹ 21 crore (FY 2021-22: US$ 9 million i.e. ₹ 70 crore) [US$ amount translated at ₹ 80.2213, the annual average exchange rate for FY 2022-23].

**vi) Other Subsidiaries**

In addition to the above subsidiaries, the following entities are also treated as subsidiaries of the Company, as per the applicable Accounting Standards:

i. Tata Capital General Partners Limited Liability Partnership, a partnership formed in Singapore to act as a General Partner and manage the Tata Capital Growth Fund Limited Partnership.

ii. Tata Capital Healthcare General Partners Limited Liability Partnership, a partnership formed in Singapore to act as a General Partner and manage the Tata Capital HBM Healthcare Fund I Limited Partnership.

iii. Tata Opportunities General Partners Limited Liability Partnership, a partnership formed in Singapore to act as a General Partner and manage the Tata Opportunities Fund Limited Partnership.

iv. Tata Capital Growth II General Partners Limited Liability Partnership, a partnership formed in Singapore to act as a General Partner and manage the Tata Capital Growth Fund II Limited Partnership.

v. Tata Capital Healthcare II General Partners Limited Liability Partnership, a partnership formed in Singapore to act as a General Partner and manage the Tata Capital Healthcare II (Feeder) Limited Partnership.

**5.3.2 Associates/Subsidiaries:**

As at March 31, 2023, the Company had, as per its Consolidated Financial Statements, total investments of ₹ 595 crore (FY 2021-22: ₹ 1,066 crore) in associate companies.

A separate statement, containing the salient features of the Financial Statements of the subsidiaries and associates of the Company, in accordance with the provisions of the Companies Act, 2013 ("the Act") and the applicable Accounting Standards, in the prescribed Form No. AOC-1, is included in the Annual Report at Page Nos. 268 to 270.

**5.3.3 Other Investments:**

As at March 31, 2023, the Company had, as per its Consolidated Financial Statements, other investments of ₹ 12,659 crore (FY 2021-22: ₹ 6,780 crore) comprising of equity shares, mutual funds, debentures, government securities and Treasury bills.

## 6. 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 its subsidiaries and associates in the prescribed Form No. AOC-1, is also included in the Annual Report at Page Nos. 268 to 270. The said Financial Statements are also available for inspection on the website of the Company at www.tatacapital.com under Investor Information tab.

## 7. FINANCE

During FY 2022-23, the Company met its funding requirements through issue of Commercial Papers and Unsecured Non-Convertible Debentures ("NCD"). During the year, the Company had not issued any NCDs on a private placement basis. The aggregate debt of the Company outstanding as at March 31, 2023 was ₹ 4,394 crore, including CRPS at amortised cost of ₹ 1,070 crore which has been classified as borrowings as per Ind AS. Out of total borrowings, ₹ 2,950 crore is payable within one year. The Debt Equity ratio of the Company as at March 31, 2023 was 0.62 times.

The Company has been regular in repayment of its borrowings and payment of interest thereon.

On a consolidated basis, the Company had borrowings aggregating ₹ 1,13,336 crore as at March 31, 2023 (FY 2021-22: ₹ 86,220 crore), which includes CRPS at amortised cost of ₹ 1,070 (FY 2021-22: ₹ 1,110 crore).

## 8. CREDIT RATING

During the year under review, rating agencies reaffirmed/issued ratings to the Company, as under:

| NATURE OF SECURITIES | RATING AGENCY | RATING |
|---|---|---|
| Commercial Papers | CRISIL and ICRA | CRISIL A1+ and [ICRA] A1+ |
| Unsecured NCDs and Bank Facilities | CRISIL | CRISIL AAA/Stable |
| Unsecured NCDs | INDIA RATINGS and ICRA | [ICRA] AAA/Stable and IND AAA/ Stable |
| CRPS | CRISIL | CRISIL AAA/Stable |

## 9. RISK MANAGEMENT

Tata Capital 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 across Tata Capital 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 11 identified key risk areas based on their probability and impact. These are Credit Risk, Market Risk, Liquidity Risk, Process, People, Outsourcing, Technology, Business Continuity, Compliance & Governance, Cyber Security and Reputation Risk. The Key Risk Indicators (KRIs), as part of the ERM Framework are aligned with the strategic objectives and business developments.

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. At Tata Capital there is continued focus on increasing operational resilience and mitigation of these risks.

## 10. INTERNAL FINANCIAL CONTROL

The Management has laid down set of standards, processes and structure which enables it to implement internal financial controls across the organization with reference to financial statements and 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 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 2022-23, testing was conducted basis process walkthrough and review of samples as per documented controls in the Risk & Control matrix. Testing was 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.

## 11. INFORMATION TECHNOLOGY SUPPORT

The Company has continued to invest in cutting edge technologies to drive its core system modernization, digital and data initiatives. The Company has upgraded its retail core lending system to provide new

and advanced functionalities which will further optimise and improve the business performance. The Company continues to build additional integrations with FinTech partners to enhance its customer offerings. This is in line with the Company's endeavour to deliver best in class customer experience and drive operational efficiencies.

The Company is in the process of launching a unified Credit Management System (CMS) to provide Industry-leading, agile, comprehensive digital lending platform that caters to all business segments of Commercial Finance Division (CFD) and empowers the Company in its growth and transformation journey. This serves as a single Loan Origination System (LOS) which processes Customer Credit profile data and encapsulates reusable and configurable components to enable quick Go-to-Market.

The IT Policies and Procedures are reviewed and updated periodically to replicate the changes as in real time and remain in line with regulatory guidelines.

## 12. DIGITAL PLATFORMS & ANALYTICS

Digital transformation continues to be an area of continuous focus for Tata Capital. During the FY 22-23, the Company has continued to invest to create best-in-class digital platforms and products. This in turn has enabled us to provide superior and more personalized customer experiences, greater operational efficiency across the lending value chain and become a relevant player in India's growing digital ecosystem.

During FY22-23, Tata Capital enhanced its digital presence through the launch of a new and improved customer facing website with an improved customer interface, a smarter search tool, industry first features such as dark mode and reimagined retail loan journeys. The website which caters to all retail and corporate customer segments also witnessed a significant increase in customer traffic during the financial year. In addition, the Company launched a new omni-channel marketing automation platform which will enable real-time customer engagement across the loan origination servicing. The key features of this tool such as customer journey orchestration using multiple channels, real time nudges, detailed insights & analytics of campaigns executed and App/Web integration for engagement and retention activities will increase our marketing productivity and also ensure a far more personalized experience for our customers.

At Tata Capital, it has been our endeavour to enhance self-service by providing customers with a range of channels and platforms to choose from for all their servicing needs. Currently, over 75% of customer service interactions take place through digital platforms. Customers can interact across channels including web, mobile applications, WhatsApp, chat-bot and voice-bot to name a few. Our chat based servicing channel (TIA) witnessed a significant increase in usage during the year. More than 8 lakh interactions per month take place on TIA- voice and chat-based platform.

We have introduced several industry-best customer journeys to increase the share of direct-to-customer business and to ensure a more seamless customer experience. The share of business from direct and digital channels has increased multi-fold last year. Further, the Company has launched digital-only products and services across customer segments. For example, Moneyfy is a digital only wealth management application which allows customers to carry out all their investments in an instant manner. Further, a new seamless journey was launched for customers seeking small business loans. Almost all customer processes starting from on-boarding to underwriting to disbursements are done in a paperless manner for retail loans. Similarly, for SME and corporate customers, a new loan origination system was launched which will simplify the customer journey further and enable quicker processing and sanction of loans.

In line with the overall focus on digital transformation, the use artificial intelligence and machine learning continued across domains. Several machine learning based scorecards are in use for underwriting as well as debt servicing of loans. Use of these advanced algorithms has helped us assess creditworthiness and mitigate risks, make faster and accurate lending decisions and to set up a more efficient debt

servicing strategy. In addition, our use of Robotic Process Automation (RPA) for repetitive tasks in our operations shops has reached a high level of maturity. RPA has now been implemented for almost all centralized processes. This has improved the overall operational efficiency and in turn leading to cost reduction. The use of digital channels for collection of EMI payments also saw an increase over the year, backed by launch of new payment modes including QR code based payments and UPI payments. Currently more than 90% of collections take place through digital channels.

We also continue to collaborate with FinTechs for business growth and enablement of customer journeys and processes. During the year, the business generated from partnerships has grown significantly. In addition, Tata Capital is integrated with more than 100 plus FinTech partners across multiple domains to enhance service and ensure seamless digital processes.

Using data analytics and creating multiple touchpoints for customers helped in building a better consumer connect. Keeping data analytics at the core of our strategy aided in anticipating customer needs and improving cross-sell capabilities. We have a dedicated team of data science and data engineering experts who enable seamless data-led personalised customer service delivery. Giving personalised offers for instant loan applications, pre-approved loan offers, scorecard-based underwriting, pre-delinquency models are cases where we leveraged data analytics for real-time decisions and give better customer experience.

In this journey of digitization, Tata Capital will continue to focus on building best in class digital platforms to bring customer delight, enhance operational efficiency and improve productivity. We will continue to create new benchmarks by building capabilities, products and services which will make us a financier of choice across customer segments.

## 13. TATA CAPITAL JOURNEY OF EXCELLENCE

### 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 Baldridge 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 had participated in its eighth TBEM external assessment conducted by the Tata Business Excellence Group a division of Tata Sons Private Limited, between July to November 2022 and was placed in the 650-700 score band, which indicates the level of “ Industry Leader” with an absolute score of 664 (TBEM score in 2020 was 624). This reflects a significant improvement in the journey of Excellence.

The assessment provided Tata Capital with important granular feedback in terms of its current strengths and opportunities for improvements to work upon. Key strengths indicated in the TBEM 2022 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.

Tata Capital 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 Tata Capital’s 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.

### Data Excellence – DATOM Framework

During the FY23, Tata Capital also undertook its second Data Excellence Assessment (the first was in February 2020). This is based on DATOM (Data & Analytics Target Operating Model) framework of Tata

Consultancy Services Limited. DATOM framework enables organizations assess the maturity of their Data & Analytics capabilities and establish an effective Operating Model and set up Data & Analytics programs to fulfil their business objectives and goals. The Organization maturity is assessed across 4 KRAs – (1) Data, (2) Technology, (3) Process and (4) People. These 4 KRAs are further sub divided into 23 sub KRAs with a detailed focus on various dimensions.

Tata Capital scored 3.4 on a 5 point Global Benchmarking scale. This places Tata Capital in 75+th percentile.

## 14. THE TATA CAPITAL BRAND

Tata Capital has been nurturing its brand promise 'Count on Us', over the last three years. The brand continues to build on commitment of delivering on promises to ensure consistency, transparency and quick solutions.

Having moved to an 'always-on' media strategy, this financial year saw various digital, social media and conventional media campaigns. The brand remains focused on a media mix of conventional campaigns at regular intervals, supplemented with social media and digital branding through the year to elevate overall equity and consideration.

'Palak Jhapkao Loan Pao', the main Brand Campaign for this financial year had a series of short films themed around digital, seamless and quick loans offered by Tata Capital. The campaign had 4 product films, each based on an insight from the product category. This was followed by a 2nd burst with the addition of a digital product campaign for Loan Against Securities (LAS). The objective was to reach the untapped audiences with a new product solution of 'Digital LAS'.

Tata Capital was also very proud to associate with the inaugural edition of the Tata Women's Premier League (WPL) 2023. We hope that this partnership with WPL will help provide the opportunity to promote women's cricket and help build a team of cricketing champions. Alongside various on-ground branding integrations, the brand was also present on digital and TV media with the launch of the 'Ek Soch Ko Harana Hai' WPL campaign film.

Two other digital product campaigns for Moneyfy and Home Loans were launched this year. These campaigns had a two-pronged objective of building brand salience and reaching relevant 'intender audiences' creating an uptake on traffic from the campaigns, as well as the organic traffic.

The brand could also leverage 2 topical campaigns on 'Mother's Day' and 'Ganesh Chaturthi' on Social Media. Furthermore, an influencer led education series was also launched in the last quarter to reach out to younger audiences. Social Media also contributes in a immense way on all things that get executed in a financial year.

In the years to follow, the brand will continue to raise the bar on marketing activities with newer associations and possibilities. It will remain predisposed to social media and digital media campaigns to connect with immediate prospective audiences, while using conventional media for wider reach objectives.

## 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.

Tata Capital 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, Health and Climate Action 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:
https://www.tatacapital.com/content/dam/tata-capital/pdf/footer/TCL-CSR%20Policy.pdf

During FY 2022-23, Tata Capital has spent an aggregate amount of ₹ 3603.57 lakh on CSR activities in projects and programs covered under Schedule VII of the Act.

The CSR budget for the Company (standalone) was ₹ 2.57 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 a project covered under Schedule VII to the Act, as recommended by the CSR Committee of the Board and approved by the Board of Directors of the Company. The Annual Report on CSR activities is annexed herewith as Annexure 'A'.

To conceptualize and implement the projects, Tata Capital 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 Program based on the framework defined by Confederation of Indian Industries. The framework focuses 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, Tata Capital also adheres to 'Essentials' as another category to provide for basic services like shelter, water and electricity.

## 16. COMPLIANCE

The Company is registered with the RBI as a CIC. The RBI vide its notification dated October 22, 2021 has introduced an integrated regulatory framework for NBFCs under "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs". The SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc. Under SBR, NBFCs are divided into four layers viz., top layer, upper layer, middle layer and base layer based on the size, activity, and perceived riskiness. The Company is in the middle layer (NBFC-ML). The Company shall continue to ensure compliance with all the requirements applicable to NBFC-ML under SBR within the prescribed timelines. Further, the Company has complied with and continues to comply with all applicable laws, rules, circulars and regulations, including the Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016 ("RBI Directions"), as amended from time to time, and it does not carry on any activity other than those permitted by the RBI for CICs.

The NCDs issued by the Company on a private placement basis are listed on the National Stock Exchange of India Limited. Accordingly, the Company has also complied with and continues to comply with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time. Further, SEBI vide its notification no. SEBI/LAD-NRO/GN/2021/47, issued on September 7, 2021, amended the SEBI Listing Regulations and made Regulations 15 to 27 applicable to the Debt Listed Companies having an outstanding value of listed Non-Convertible debt securities of ₹ 500 crore and above i.e. High Value Debt Listed Entity ("HVDLE"). Accordingly, Company has been classified as a HVDLE and complied with the aforementioned Regulations 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 investment and lending activities are not applicable to the Company since the Company is an NBFC whose principal business is acquisition of securities.

Details of guarantees and/or security in connection with loans to other bodies corporate or persons as covered under the provisions of Section 186 of the Act, are given in Note No. 21 to the Standalone Financial Statements.

## 19. DIRECTORS

Based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, the Members of the Company at the Extraordinary General Meeting of the Company held on March 29, 2023, approved the re-appointment of Mr. Rajiv Sabharwal (DIN: 00057333) as the Managing Director & CEO of the Company, for a further period of five years commencing from April 1, 2023 up to March 31, 2028.

Further, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors approved the appointment of Mr. Vadalur Subramanian Radhakrishnan (DIN: 08064705) and Mr. Mathew Cyriac (DIN: 01903606) as Additional Directors and Independent Directors of the Company for an initial term of three years with effect from March 30, 2023, subject to approval of the Members of the Company at the ensuing AGM. The Members of the Company may refer to the accompanying Notice of the AGM for the brief Resume of Mr. Radhakrishnan and Mr. Cyriac.

In accordance with the provisions of the Act and the Articles of Association of the Company, Ms. Aarthi Subramanian (DIN: 07121802), Non-Executive Director, is liable to retire by rotation at the ensuing AGM and is eligible for re-appointment.

Pursuant to the 'Fit and Proper' Policy adopted by the Company under the RBI Directions for CICs, the Company has received the 'Fit and Proper' declaration from Ms. Subramanian for her re-appointment, as a Director of the Company which has been taken on record by the Nomination and Remuneration Committee.

The Company has received declarations from the Independent Directors, viz. Ms. Varsha Purandare (DIN: 05288076), Ms. Malvika Sinha (DIN: 08373142), Mr. Vadalur Subramanian Radhakrishnan (DIN: 08064705) and Mr. Mathew Cyriac (DIN: 01903606) stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI Listing Regulations. In terms of Regulation 25(8) of SEBI Listing Regulations, they have also 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.

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 & 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

Eleven (11) 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 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 Nomination and Remuneration Committee ("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 the Board Evaluation issued by 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 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 familiarized with the operations of the Company and endeavors to provide relevant training to the Directors.

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

The Policy on Board Diversity and Director Attributes has been framed to encourage diversity of thought, experience, knowledge, perspective, age and gender in the Board and to have in place, a transparent Board nomination process.

The Remuneration Policy for Directors, Key Managerial Personnel ("KMP") and all other employees is aligned to the philosophy on the commitment of fostering a culture of leadership with trust.

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

Salient features of the Remuneration Policy, *inter alia*, 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 / KMP and all other employees is reasonable and sufficient to attract, retain and motivate them to run the Company successfully and retain talented and qualified individuals suitable for their roles, in accordance with the defined terms of remuneration mix or composition; and

- No remuneration would be payable to Directors for services rendered in any other capacity unless the services are of a professional nature and the NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession and approval of the Central Government has been received, if required, for paying the same.

The 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 Directions for CICs. The Company has received the 'Fit and Proper' declarations from all the Directors of the Company in April 2023, which have been taken on record by the NRC.

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

## 23. KEY MANAGERIAL PERSONNEL

Mr. Rajiv Sabharwal, Managing Director & CEO, Mr. Rakesh Bhatia, Chief Financial Officer and Ms. Sarita Kamath, Head – Legal and Compliance & Company Secretary, are the KMPs 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 2022-23.

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 for FY2022-23, Indian Accounting Standards 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 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 profits and cash flows of the Company for the year;

c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they had prepared the annual accounts on a going concern basis;

e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively; and

f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

## 25. VIGIL MECHANISM

The Company has established a Vigil Mechanism for reporting of 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 Chairperson of the Company's Audit Committee / the Chief Ethics Counsellor under the Company's Whistle Blower Policy. Information regarding the mechanism and the channels for reporting concerns are communicated to the relevant stakeholders. The 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 2022-23, no complaints were received under the provisions of the POSH Act.

## 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

At the 31st AGM of the Company held on June 28, 2022, the Members approved the appointment of M/s. KKC & Associates LLP (formerly known as M/s Khimji Kunverji & Co LLP), Chartered Accountants (ICAI Firm Registration No. 105146W/W100621), as Statutory Auditors of the Company for further period of two years i.e. for FY 2022-23 and FY 2023-24.

## 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, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013. Further, the Company follows the Directions issued by RBI for CICs.

The Financial Statements have been prepared on an accrual basis under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the Accounting Policies. 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. KKC & Associates LLP, Chartered Accountants, Statutory Auditors, in their Reports dated April 27, 2023 on the Financial Statements of the Company for FY 2022-23.

## 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 2022-23. The Secretarial Audit Report, in the prescribed Form No. MR-3, is annexed as Annexure 'B'.

There are no qualifications, reservations or adverse remarks made by M/s. Parikh & Associates in their Secretarial Audit Report dated May 22, 2023 on the secretarial and other related records of the Company, for FY 2022-23.

## 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, 2023 and May 22, 2023, being the date of this Report.

## 33. SCHEME OF ARRANGEMENT

The Board of Directors of TCL at its meeting held on March 28, 2023, approved a Scheme of Arrangement for amalgamation of TCFSL, a wholly owned subsidiary of the Company and TCCL, a subsidiary of the Company with TCL and their respective shareholders ("the Scheme"), under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder.

The Scheme will become effective from the Appointed Date i.e. April 1, 2023 or such other later date as may be decided by the Board of Directors, and operative from Effective Date which is conditional upon fulfilment of all the conditions set out in the Scheme including approval of the Scheme by the National Company Law Tribunal ('NCLT'), grant of NBFC license in the name of TCL by Reserve Bank of India and upon the receipt of other applicable regulatory approvals.

Upon the Scheme becoming effective:

i. The entire business of TCFSL and TCCL shall be merged with and vested in TCL and thereafter TCL will carry on all the business activities undertaken by TCFSL and TCCL.

ii. From the Appointed Date till the Effective Date, the business carried on by TCCL and TCFSL shall be deemed to have been carried on for and on behalf of and in trust for TCL.

iii. All the shares of TCFSL and TCCL held by TCL (either directly and/or through nominees) would stand cancelled without any further application, act or deed. Further, Equity Shares of TCL would be issued to other member(s) of TCCL as per the share exchange ratio determined based on the Valuation Reports and the Fairness Opinions.

iv. The holders of Non-Convertible Debentures (NCDs) of TCFSL and TCCL will become holders of NCDs of TCL on the same terms, including the coupon rate, tenure, redemption price, quantum, nature of security, adequately safeguarding the interest of the NCD holders.

## 34. 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.

## 35. RELATED PARTY TRANSACTIONS

As required under Regulation 23(1) of the SEBI Listing Regulations, the Company has formulated a 'Policy on Related Party Transactions' for proper conduct and documentation of all related party transactions. The same is available on the website of the Company at www.tatacapital.com. Further, the Company also has in place a Framework on Related Party Transactions for the purpose of identification, monitoring and approving of such transactions as per the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

Details of Related Party Transactions, as required to be disclosed by Indian Accounting Standard - 24 on "Related Party Disclosures" specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, are given in the Notes to the Financial Statements. Further, there were no transaction requiring disclosure under section 134(3)(h) of the Act. Hence, the prescribed Form AOC-2 does not form a part of this report.

During the year, the Company has not entered into any transaction with Related Parties which is not in its ordinary course of business or not on an arm's length basis.

## 36. 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 of Tata Capital 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 Tata Capital 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. This facility has been handed over to the Lodha Facility team for the day to day operations.

iii. Capital investment on energy conservation equipment:

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 Core Investment Company 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 ₹ 35.80 crore and the Foreign Exchange Outgo during the year under review in terms of actual outflows was ₹ 0.10 crore.

## 37. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2023 is available on the website of the Company at www.tatacapital.com under Investor Information tab.

## 38. TATA CAPITAL LIMITED EMPLOYEE STOCK PURCHASE / OPTION SCHEME

In order to develop and implement a long-term incentive program to effectively attract, motivate and retain the best talent from the industry in a competitive environment, the Company has implemented the Tata Capital Limited Employee Stock Purchase/Option Scheme ("Scheme"), which has been amended from time to time. For implementation of the Scheme, the TCL Employee Welfare Trust ("Trust") was set up.

The Trust has entrusted the NRC of the Board, with powers to effectively administer the Scheme. In accordance with the Scheme the NRC, *inter alia*, determines the employees to whom an offer is to be made based on certain performance criteria, the price at which the options can be exercised, the quantum of offer to be made and the terms and conditions for vesting and exercise of the offer.

As at March 31, 2023, out of 7,08,97,614 Equity Shares of the Company allotted to the Trust, 1,78,58,607 Equity Shares of the Company aggregating 0.50% of its total paid up Equity Share Capital were held by the persons to whom ESOPs were granted and were exercised by them under the ESOP scheme.

The following disclosures, pertaining to ESOPs for the FY 2022-23, are being made as required under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014:

| Sr. No. | Particulars | |
|---|---|---|
| (i) | Options Granted | 51,02,730 |
| (ii) | Options Vested | 58,38,500 |
| (iii) | Options Exercised | 4,18,000 |
| (iv) | Total number of shares arising out of exercise of Options | 4,18,000 |
| (v) | Options Lapsed | 2,71,829 |
| (vi) | Exercise Price | ₹ 47.34 |
| (vii) | Money realized by exercise of Options | ₹ 1,97,87,400 |
| (viii) | Variation of terms of Options | - |
| (ix) | Total number of Options in force as at March 31, 2023<br>*(Total No. of Options granted so far Less Total No. of Options exercised and lapsed / forfeited)* | 3,01,94,573 |

**Employee-wise details of options granted, during FY 2022-23, to (Options yet to be exercised):**

**a. Key Managerial Personnel:**

| Sr. No. | Name of Key Managerial Personnel | No. of Options granted |
|---|---|---|
| (i) | Mr. Rajiv Sabharwal | 9,90,100 |
| (ii) | Mr. Rakesh Bhatia | 1,65,820 |
| (iii) | Ms. Sarita Kamath | 82,910 |

**b. Any other employee who received a grant of Options in any one year of Options amounting to five percent or more of Options granted during that year:**

| Name of Eligible Employees | No. of Options granted |
|---|---|
| Mr. Anil Kaul* | 3,31,640 |
| Mr. Sarosh Amaria* | 3,31,640 |

**Employees of the Subsidiary Companies*

**c. Identified employees who were granted Options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:** None.

## 39. MANAGEMENT DISCUSSION AND ANALYSIS

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

## 40. CORPORATE GOVERNANCE REPORT

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 - Core Investment Companies (Reserve Bank) Directions, 2016, forms part of this Annual Report.

## 41. 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.

## 42. GREEN INITIATIVE

Section 136 of the Act and the Rules framed thereunder allows the Company to send its Financial Statements by electronic mode to such Members whose shareholding is in dematerialized format and whose email addresses are registered with the Depositories for communication purposes. Shareholders who have not registered their email address with the Depositories are requested to register the same. Further, in accordance with the Circular No. 20/2020 dated May 5, 2020 read with Circular No.10/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs, the Notice of the AGM including the Annual Report of the Company is being sent only through electronic mode to all the Members whose e-mail addresses are registered with the Depositories.

A copy of this Annual Report is also available on the website of the Company, www.tatacapital.com.

## 43. ACKNOWLEDGEMENTS

The Directors would like to place on record their gratitude for the valuable guidance and support received from the RBI, the NHB, SEBI, IRDA, Registrar of Companies, MAS, Financial Conduct Authority, UK and other Government and Regulatory agencies and to convey their appreciation to Tata Sons Private Limited (the holding company), the members, customers, bankers, lenders, vendors and all other business associates for the continuous support given by them to Tata Capital. The Directors also place on record their appreciation for all the employees of Tata Capital for their commitment, team work, professionalism and the resilience and dedication demonstrated by them during the year under review.

For and on behalf of the Board of Directors

**Saurabh Agrawal**
Chairman
DIN: 02144558

Mumbai
May 22, 2023

**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 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
- 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/footer/TCL-CSR%20Policy.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 |
|---|---|---|---|---|
| 1. | Mr. Saurabh Agrawal, Chairman | Non-Executive Director | 2 | 2 |
| 2. | Mr. F. N. Subedar | Non-Executive Director | 2 | 2 |
| 3. | Ms. Malvika Sinha | Independent Director | 2 | 2 |
| 4. | Ms. Aarthi Subramanian | Non-Executive Director | 2 | 2 |
| 5. | Mr. Rajiv Sabharwal | Managing Director & CEO | 2 | 2 |

**3. Provide the web-link(s) 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/footer/TCL_Committees%27%20Composition.pdf

CSR Policy and CSR projects approved by the Board: 4
https://www.tatacapital.com/content/dam/tata-capital/pdf/footer/TCL-CSR%20Policy.pdf

**4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.**

Not Applicable

**5. (a) Average net profit of the company as per sub-section (5) of section 135.**

| Financial Year | Net Profit (net of dividend) |
|---|---|
| FY 2019-20 | 47,23,98,200 |
| FY 2020-21 | (22,10,43,610) |
| FY 2021-22 | (21,28,65,471) |
| **Average Net Profit** | **1,28,29,706** |

**(b) Two percent of average net profit of the company as per sub-section (5) of section 135.:**

₹ 2,56,594/- rounded off to ₹ 2,57,000/-

**(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.:** NIL

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

**(e) Total CSR obligation for the financial year [(b)+(c)-(d)]** : ₹ 2,57,000/-

6. **(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 2,57,000/-

**(b) Amount spent in Administrative Overheads:** Nil

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

**(d) Total amount spent for the Financial Year [(a)+(b)+(c)]:** ₹ 2,57,000/-

**(e) CSR amount spent or unspent for the Financial Year**

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135. | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135. | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 2,57,000 | NA | NA | NA | NA | NA |

**(f) Excess amount for set-off, if any:**

| Sl. No. | Particular | Amount (in ₹) |
|---|---|---|
| (1) | (2) | (3) |
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | 2,57,000 |
| (ii) | Total amount spent for the Financial Year | 2,57,000 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | NA |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | NA |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | NA |

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:** NA

| 1 | 2 | 3 | 4 | 5 | 6 | | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| **Sl. No.** | **Preceding Financial Year(s)** | **Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)** | **Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)** | **Amount Spent in the Financial Year (in Rs)** | **Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any** | | **Amount remaining to be spent in succeeding Financial Years (in Rs)** | **Deficiency, if any** |
| | | | | | **Amount (in ₹)** | **Date of Transfer** | | |
| 1 | FY-1 | | | | | | | |
| 2 | FY-2 | | | | | | | |
| 3 | FY-3 | | | | | | | |

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

O Yes O **No**

If Yes, enter the number of Capital assets created/ acquired.

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| **Sl. No.** | **Short particulars of the property or asset(s) [including complete address and location of the property]** | **Pincode of the property or asset(s)** | **Date of creation** | **Amount of CSR amount spent** | **Details of entity/ Authority/ beneficiary of the registered owner** | | |
|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | | |
| | | | | | **CSR Registration Number, if applicable** | **Name** | **Registered address** |
| | | | | | | | |

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub- section (5) of section 135.:** NA

**Saurabh Agrawal**
Chairman, CSR Committee
Non-Executive Director
DIN : 02144558

**F. N. Subedar**
Member, CSR Committee
Non-Executive Director
DIN: 00028428

**Malvika Sinha**
Member, CSR Committee
Independent Director
DIN: 08373142

**Aarthi Subramanian**
Member, CSR Committee
Non-Executive Director
DIN: 07121802

**Rajiv Sabharwal**
Member, CSR Committee
Managing Director & CEO
DIN: 00057333

**Annexure B**

**FORM No. MR-3**
**SECRETARIAL AUDIT REPORT**
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**
(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 Limited**

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, 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, 2023 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, 2023 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; (as may be applicable to the Company)

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (as may be applicable to the Company)

(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; (as may be applicable to the Company)

(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 (Not applicable to the Company during the audit period);

   (d) 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 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, 2013 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, 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 applicable specifically to the Company are:

(a) All the Rules, Regulations, Directions, Guidelines and Circulars including Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 ("Directions"), issued by the Reserve Bank of India, as amended from time to time.

(b) The Securities and Exchange Board of India Act, 1992 and The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended from time to time.

(c) The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended from time to time.

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

Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

The Listing Agreements entered into by the Company with the National Stock Exchange of India Limited with respect to Non-Convertible Debentures issued by the Company on a private placement basis read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc.

We further report that:

The Board of Directors of the Company is duly constituted with balance of Executive Directors, Non-Executive Directors and Independent Directors as on March 31, 2023. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We report that as regards the compliance of Regulation 15 to 27 of SEBI LODR, 2015 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.

i. The Company has offered, issued and allotted 4,39,52,097 Equity Shares of ₹ 10 each on March 23, 2023, at a premium of ₹ 125.10 per Equity Share, aggregating ₹ 593.80 crore, on a 'Rights Basis' to the Equity Shareholders

ii. The Company has redeemed 8250 Unsecured Redeemable Non-Convertible Debentures for an aggregate amount of ₹ 825 crore, issued on a private placement basis.

iii. Consequent to the Put Option exercised by the Company, the Company had redeemed 401950 Cumulative Redeemable Preference Shares of ₹ 1000 each, aggregating to ₹ 40.19 crore, issued on Private Placement basis.

iv. The Company has issued 53000 units of Commercial Papers ("CP") for an aggregate amount of ₹ 2650 crore (Face Value).

v. The Company has redeemed 29000 units of CP for an aggregate amount of ₹ 1450 crore (Face value).

vi. The Company has an Employee Stock Purchase / Option Scheme ("ESOP Scheme") which is implemented through the TCL Employee Welfare Trust ("Trust") to whom the Company had allotted Equity Shares in the past. During the year, the Trust has transferred 4,31,400 Equity Shares to the employees of the Company and its subsidiary companies and has bought back 9,321 Equity Shares in terms of the ESOP Scheme.

vii. The Board of Directors of Tata Capital Limited ("the Company" or "TCL") at its meeting held on March 28, 2023, approved a Scheme of Arrangement for amalgamation of Tata Capital Financial Services Limited ("TCFSL"), a wholly owned subsidiary of the Company and Tata Cleantech Capital Limited ("TCCL"), a subsidiary of the Company with TCL and their respective shareholders ("the Scheme"), under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder.

The Scheme will become effective from the Appointed Date i.e. April 1, 2023 or such other later date as may be decided by the Board of Directors, and operative from Effective Date which is conditional upon fulfilment of all the conditions set out in the Scheme including approval of the Scheme by the National Company Law Tribunal ('NCLT'), grant of NBFC license in the name of TCL by Reserve Bank of India and upon the receipt of other applicable regulatory approvals.

For **Parikh & Associates**
Company Secretaries

**Jigyasa N. Ved**
Partner
FCS No: 6488 CP No: 6018
UDIN: F006488E000346179
PR No.: 1129/2021

Place: Mumbai
Date: 22.05.2023

*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 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. Wherever 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

**Jigyasa N. Ved**
Partner
FCS No: 6488 CP No: 6018
UDIN: F006488E000346179
PR No.: 1129/2021

Place: Mumbai
Date: 22.05.2023

## Corporate Governance Report

### 1. 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 standards 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, Tata Capital has a strong legacy of fair, transparent and ethical governance practices. The Corporate Governance philosophy is further strengthened by adherence to the Tata Business Excellence Model ("TBEM") as a means to drive excellence; the Key Performance Metrics for tracking progress on long-term strategic objectives; and following 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, an Affirmative Action Policy, a Policy against Sexual Harassment at the Workplace, a Fit and Proper Policy for ascertaining the fit and proper criteria for 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, an Occupational Health and Safety Management System, Anti-Bribery and Anti-Corruption ("ABAC") Policy and a Whistle blower policy.

The Company has signed the Tata Brand Equity and Business Promotion ("BEBP") Agreement with Tata Sons Private Limited for subscribing to the TATA BEBP Scheme.

### 2. Board of Directors

a) As on March 31, 2023, the Company had 8 (Eight) Directors. Out of the 8 (Eight), 4 (Four) are Independent, Non-Executive Directors; 3 (three) are Non-Independent, Non-Executive and 1 (one) is an Executive Director. The profiles of Directors can be found on the Company's website www.tatacapital.com.

b) None of the Directors on the Board holds Directorship 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 serves 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 SEBI (Listing Obligations and Disclosure Requirements), 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, 2023 have been made by the Directors. None of the Directors are related to each other.

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 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) 11 (Eleven) 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 03, 2022, April 26, 2022, May 13, 2022, July 27, 2022, October 28, 2022, December 16, 2022, January 24, 2023, February 07, 2023, February 24, 2023, March 16, 2023 and March 28, 2023. 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, 2023 and list of core skills / expertise / competencies identified by the Board of Directors are given herein below:

| Name of the Director (DIN) | Category | Skills / Expertise / Competencies | Number of Board Meetings attended during FY 2022-2023 | Whether attended last AGM held on June 28, 2022 | Number of Directorships in other Companies | | Number of Committee positions held in other Public Companies** | | Directorship in other listed entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Chairperson | Member | Chairperson | Member | |
| Mr. Saurabh Agrawal (Chairman) (02144558)<br><br>*Director Since*: July 28, 2017 | Non-Independent, Non-Executive | Leadership, Strategy, Finance, Governance, Regulatory Affairs, Capital Markets and Merger & Acquisitions | 11 | No | 4 (Public)<br><br>2 (Other) | 7 (Public)<br><br>5 (Other) | - | 2 | 1. Tata Steel Limited@<br>2. The Tata Power Company Limited@<br>3. Voltas Limited@<br>4. Tata AIG General Insurance Company Limited (Debt Listed)@<br>5. Tata Power Renewable Energy Limited (Debt Listed)@ |
| Mr. F.N. Subedar (00028428)<br><br>*Director Since*: March 11, 1997 | Non-Independent, Non-Executive | Leadership, Strategy, Company Administration, Finance, Taxation, Accounts, Operation, Governance, Regulatory Affairs | 10 | Yes | 1 (Public) | 4 (Public) | 2 | 4 | 1. Tata Investment Corporation Limited@<br>2. DCB Bank Limited#<br>3. Tata Capital Financial Services Limited (Debt listed) @ |
| Ms. Varsha Purandare (05288076)<br><br>*Director Since:* April 1, 2019 | Independent | Leadership, Strategy, Credit, Forex, Risk, Treasury, Capital Markets, Investment Banking, Private Equity, Governance, Regulatory Affairs | 11 | Yes | 1 (Public) | 9 (Public) | 4 | 8 | 1. Deepak Fertilisers and Petrochemicals Corporation Limited#<br>2. Orient Cement Limited#<br>3. The Federal Bank Limited#<br>4. Tata Capital Financial Services Limited (Debt Listed) #<br>5. Tata Cleantech Capital Limited (Debt Listed) #<br>6. Tata Motors Finance Limited (Debt Listed) #<br>7. Tata Motors Finance Solutions Limited (Debt Listed) #<br>8. TMF Holdings Limited (Debt Listed) # |

| Name of the Director (DIN) | Category | Skills / Expertise / Competencies | Number of Board Meetings attended during FY 2022-2023 | Whether attended last AGM held on June 28, 2022 | Number of Directorships in other Companies | | Number of Committee positions held in other Public Companies** | | Directorship in other listed entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Chairperson | Member | Chairperson | Member | |
| Ms. Malvika Sinha (08373142)<br><br>*Director Since*: April 1, 2021 | Independent | Leadership, Strategy, Finance, Accounts, Forex, Human Resources, Banking Operations, Governance, Regulatory Affairs | 11 | Yes | - | 6 (Public) | - | 7 | 1. Mahanagar Gas Limited#<br>2. Mahindra Logistics Limited#<br>3. Tata Capital Financial Services Limited (Debt Listed)#<br>4. Tata Capital Housing Finance Limited (Debt Listed)# |
| Mr. V. S. Radhakrishnan$ (08064705)<br><br>*Director Since*: March 30, 2023 | Independent (Additional) | Leadership, Strategy, Project Finance, Governance, Regulatory Affairs, Banking operations, Credit, Treasury and commercial lending | - | - | - | - | - | - | - |
| Mr. Mathew Cyriac$ (01903606)<br><br>*Director Since*: March 30, 2023 | Independent (Additional) | Leadership, Strategy, Finance, Capital Markets, Investment Banking, Private Equity and Merger & Acquisitions | - | - | 1 (Public) | 5 (Public)<br><br>12 (Others) | 3 | 8 | 1. Gokaldas Exports Limited@<br>2. Jyoti Structures Limited@<br>3. Data Patterns (India) Limited* |
| Ms. Aarthi Subramanian (07121802)<br><br>*Director Since*: October 30, 2017 | Non-Independent, Non-Executive | Leadership, Strategy, Digital, Operation, Governance, Regulatory Affairs | 10 | Yes | 2 (Public) | 7 (Public)<br><br>3 (Others) | - | 3 | 1. Tata Consultancy Services Limited@ |
| Mr. Rajiv Sabharwal (Managing Director & CEO) (00057333)<br><br>*Director Since*: April 1, 2018 | Non-Independent, Executive | Leadership, Strategy, Finance, Risk, Treasury, Credit, Private Equity, Governance, Regulatory Affairs, Retail Banking, Banking Operations | 11 | Yes | 3 (Public)<br><br>1 (Others) | 4 (Public)<br><br>3 (Others) | 1 | 3 | 1. Tata Cleantech Capital Limited (Debt Listed) @<br>2. Tata Capital Financial Services Limited (Debt Listed) @<br>3. Tata Capital Housing Finance Limited (Debt Listed) @ |

*@ Non-Independent, Non-Executive # Independent, Non-Executive *Nominee, Non-Executive*

** *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.*

$ *Mr. V. S. Radhakrishnan and Mr. Mathew Cyriac were appointed as Additional Directors and Independent Directors of the Company for an initial term of three years with effect from March 30, 2023, subject to approval of the shareholders of the Company.*

f) Details of change in composition of the Board during the current and previous financial year:

| Sr. No. | Name of the Director | Capacity | Nature of Change | Effective Date |
|---|---|---|---|---|
| 1. | Ms. Malvika Sinha | Independent Director | Appointment | April 1, 2021 |
| 2. | Mr. Vadalur Subramanian Radhakrishnan | Additional (Independent Director) | Appointment | March 30, 2023 |
| 3. | Mr. Mathew Cyriac | Additional (Independent Director) | Appointment | March 30, 2023 |

g) The Board believes that the skills / competencies / expertise, as mentioned in the above 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.

h) During FY 2022-23, 1 (one) meeting of the Independent Directors was held on March 27, 2023, wherein all the Independent Directors attended the meeting. The Independent Directors, inter-alia, reviewed the performance of the Non-Independent Directors, Board as a whole and the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors.

i) The Board periodically reviews the compliance reports of all laws applicable to the Company. During FY 2022-2023, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

j) None of the Directors are related inter-se.

k) Details of equity shares of the Company held by the Directors as on March 31, 2023 are given below:

| # | Name of the Director | Category | No. of Equity Shares |
|---|---|---|---|
| 1 | Mr. Farokh N Subedar | Non-Executive Director | 2,46,783 |

The Company has not issued any convertible instruments.

**3. 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 Corporate Social Responsibility Committee and the Stakeholders Relationship Committee.

The Company Secretary is the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board/respective Committees of the Board at their next meetings. The Minutes and the gist of minutes of meetings of all Committees of the Board are circulated to the Board of Directors for noting.

**The Board level Finance and Asset Liability Supervisory Committee was dissolved and a Management level Asset Liability Management Committee has been constituted with effect from January 24, 2023.*

**i. Audit Committee**

***Composition, Meetings and Attendance***

During FY 2022-23, 8 (Eight) meetings of the Audit Committee were held on the following dates: April 25, 2022, July 26, 2022, October 13, 2022, October 27, 2022, December 16, 2022, January 23, 2023, March 20, 2023 and March 28, 2023.

The composition of the Audit Committee as on date of this Report and the attendance details of meetings during FY 2022-23 is, given below:

| Name of the Member(s) | Category | Member of Committee since | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Ms. Varsha Purandare | Chairperson and Independent Director | October 24, 2020 | 8 | 8 |
| Ms. Malvika Sinha | Independent Director | April 1, 2021 | 8 | 8 |
| Mr. Farokh N. Subedar | Non-Executive Director | November 27, 2007 | 8 | 8 |

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 28, 2022 and was attended by Ms. Varsha Purandare, 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. 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 Code of Conduct;
- To recommend the appointment and removal of the Auditors and their remuneration and discuss with the Auditors the nature and scope of their audit before commencement;
- To examine the financial statements, financial results and the Auditors' Report thereon;
- To evaluate the 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 Managing Director & CEO, the Chief Financial Officer, the Company Secretary, the Statutory Auditors and the Chief Internal Auditor. The Internal Audit function is headed by the Chief Internal Auditor of the Company who reports to the Audit Committee to ensure independence of operations.

**ii. Nomination and Remuneration Committee ("NRC")**

***Composition, Meetings and Attendance***

During FY 2022-23, 3 (Three) meetings of the NRC were held on the following dates: May 13, 2022, January 24, 2023 and March 16, 2023.

The composition of the NRC as on date of this Report and the attendance details of meetings during FY 2022-23 is, given below:

| Name of the Member(s) | Category | Member of Committee since | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Ms. Varsha Purandare | Chairperson and Independent Director | October 24, 2020 | 3 | 3 |
| Ms. Malvika Sinha | Independent Director | April 1, 2021 | 3 | 3 |
| Mr. Saurabh Agrawal | Non-Executive Director | July 28, 2017 | 3 | 3 |

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

The previous AGM of the Company was held on June 28, 2022 and was attended by Ms. Varsha Purandare, 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 with necessary provisions as required under the applicable laws relating to the remuneration for the directors, KMPs, the Executive team and other employees;
- To formulate the criteria for evaluation of performance of Independent Directors and the Board of 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 behavior and judgment.

**iii. Risk Management Committee ("RMC")**

***Composition, Meetings and Attendance***

During FY 2022-23, 2 (Two) meetings of the RMC were held on the following dates: August 08, 2022 and February 01, 2023.

The composition of the RMC as on date of this Report and the attendance details of meetings during FY 2022-23 is, given below:

| Name of the Member(s) | Category | Member of Committee since | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Saurabh Agrawal | Chairman and Non-Executive Director | July 28, 2017 | 2 | 2 |
| Ms. Varsha Purandare | Independent Director | April 1, 2019 | 2 | 2 |
| Mr. Rajiv Sabharwal | Managing Director & CEO | April 1, 2018 | 2 | 2 |

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 Company;
- To review risk profile of the subsidiaries;

- To formulate a detailed Risk Management Policy and oversee the implementation of the same, including evaluating the adequacy of risk management systems;
- To ensure whether 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. Finance and Asset Liability Supervisory Committee ("ALCO")**

***Composition, Meetings and Attendance***

During FY 2022-23, 1 (One) meeting of the ALCO was held on August 08, 2022

The composition of the ALCO and details of attendance at the Board level ALCO meeting held during FY 2022-23 is, given below:

| Name of the Member(s) | Category | Member of Committee since | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Saurabh Agrawal | Chairman and Non-Executive Director | July 28, 2017 | 1 | 1 |
| Mr. Farokh N. Subedar | Non-Executive Director | November 27, 2007 | 1 | 1 |
| Ms. Varsha Purandare | Independent Director | April 01, 2019 | 1 | 1 |
| Mr. Rajiv Sabharwal | Managing Director & CEO | April 01, 2018 | 1 | 1 |

***Terms of reference***

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

- Asset Liability Management;
- Debt composition and plan of the Company for fund raising; and
- Resource raising policy of the Company.

***Note:***

*The Board level ALCO was dissolved and a Management level ALCO has been constituted with effect from January 24, 2023.*

**v. Information Technology Strategy Committee ("ITSC")**

***Composition, Meetings and Attendance***

During FY 2022-23, 2 (Two) meetings of the ITSC were held on the following dates: August 05, 2022 and February 03, 2023.

The composition of the ITSC as on date of this Report and details of attendance at the ITSC meetings held during FY 2022-23 is, given below

| Name of the Member(s) | Category | Member of Committee since | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Ms. Malvika Sinha | Chairperson and Independent Director | April 01, 2021 | 2 | 2 |
| Ms. Varsha Purandare | Independent Director | April 01, 2019 | 2 | 1 |
| Ms. Aarthi Subramanian | Non-Executive Director | May 07, 2018 | 2 | 2 |
| Mr. Rajiv Sabharwal | Managing Director & CEO | May 07, 2018 | 2 | 2 |
| Mr. Bhavin Purohit | Chief Technology Officer | April 01, 2021 | 2 | 2 |

***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; and
- To recommend the appointment of IT / IS Auditor and review the IT / Information Systems Audit report and provide its observation / recommendations to the Board.

**vi. Corporate Social Responsibility ("CSR") Committee**

***Composition, Meetings and Attendance***

During FY 2022-23, 2 (Two) meetings of the CSR were held on the following dates: May 09, 2022 and March 28, 2023.

The composition of the CSR Committee as on date of this Report and details of attendance at the CSR meetings held during FY 2022-23 is, given below

| Name of the Member(s) | Category | Member of Committee since | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Mr. Saurabh Agrawal | Chairman and Non-Executive Director | August 1, 2019 | 2 | 2 |
| Mr. Farokh N. Subedar | Non-Executive Director | March 7, 2014 | 2 | 2 |
| Ms. Malvika Sinha | Independent Director | April 1, 2021 | 2 | 2 |
| Ms. Aarthi Subramanian | Non-Executive Director | October 30, 2017 | 2 | 2 |
| Mr. Rajiv Sabharwal | Managing Director & CEO | April 1, 2018 | 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 activities to be undertaken by the Company as specified in Schedule VII of the Act ("CSR Activities") as well as for formulation of the annual action plan by the Company;
- 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 and expenditure of the subsidiaries 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.

### vii. Stakeholders Relationship Committee ("SRC")

***Composition, Meetings and Attendance***

During FY 2022-23, 1 (one) meeting of the SRC was held on February 08, 2023.

The composition of the SRC as on date of this Report and details of attendance at the SRC meeting held during FY 2022-23 is, given below:

| Name of the Member(s) | Category | Member of Committee since | No. of Meetings | |
|---|---|---|---|---|
| | | | Held | Attended |
| Ms. Aarthi Subramanian | Chairperson and Non-Executive Director | October 30, 2017 | 1 | 1 |
| Ms. Malvika Sinha | Independent Director | April 1, 2021 | 1 | 1 |
| Mr. Rajiv Sabharwal | Managing Director & CEO | April 1, 2018 | 1 | 1 |

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 28, 2022 and was attended by Ms. Aarthi Subramanian, Chairperson of the SRC.

**a)** ***Name, designation and address of the Compliance Officer*:**

Ms. Sarita Kamath, Head - Legal and Compliance & Company Secretary
11th Floor, Tower A, Peninsula Business Park,
Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013
Telephone No.: 022 6606 9000
Email ID: investors@tatacapital.com

b) Details of Complaints received from the Debenture holders (only Non-Convertible Debentures issued on Private Placement basis are listed on NSE) and redressed during the FY 2022-23 are as follows:

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|---|---|---|---|
| Nil | Nil | Nil | Nil |

c) During FY 2022-23, no complaints were received from the Equity Shareholders of the Company.

## 4. Remuneration of 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 the FY 2022-23, within the maximum prescribed limits to the NEDs and IDs who were Directors of the Company during FY 2022-23, as recommended by the NRC and approved by the Board at their respective meetings held on May 22, 2023. The details of the same are, as under:

### a. Non-Executive Directors:

| Name | Sitting Fees paid for attending Board and Committee Meetings held during FY 2022-23 | Commission to be paid for FY 2022-23 |
|---|---|---|
| *Mr. Saurabh Agrawal, Chairman and Non-Executive Director | ₹ 3,80,000 | Nil |
| Mr. Farokh N. Subedar, Non-Executive Director | ₹ 9,30,000 | ₹ 30,00,000 |
| Ms. Varsha Purandare, Independent director | ₹ 12,70,000 | ₹ 30,00,000 |

| Name | Sitting Fees paid for attending Board and Committee Meetings held during FY 2022-23 | Commission to be paid for FY 2022-23 |
|---|---|---|
| Ms. Malvika Sinha, Independent Director | ₹ 13,00,000 | ₹ 30,00,000 |
| @Mr. V S Radhakrishnan | - | - |
| @Mr. Mathew Cyriac | - | - |
| *Ms. Aarthi Subramanian, Non-Executive Director | ₹ 6,50,000 | Nil |

* *In line with the internal guidelines of the Company, no payment is made towards commission to the Non-Executive Directors of the Company, who are in full time employment with any other Tata company.*

@ *No Sitting Fees and Commission was payable to Mr. V S Radhakrishnan and Mr. Mathew Cyriac since they were appointed as Additional Directors and Independent Directors of the Company w.e.f March 30, 2023.*

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

**b. Managing Director & CEO**

Terms of Appointment and Remuneration of Mr. Rajiv Sabharwal, Managing Director & CEO:

During FY2023, the Company paid remuneration to Mr. Rajiv Sabharwal, Managing Director & CEO ("MD & CEO") of the Company as provided in Annual Return for FY2022-23, which is available on the website of the Company. The current term of Mr. Sabharwal is of five years from April 1, 2023 to March 31, 2028. The commission to the MD & CEO is determined inter alia based on the performance of the Company and the MD & CEO. ESOPs granted to the MD & CEO for FY 2022-23 will vest in 4 tranches over a period of 4 years and are exercisable over a period of 7 years. The contract with the MD & CEO may be terminated earlier by either party giving the other party six months' notice of such termination or the Company paying six months' remuneration in lieu thereof. There is no separate provision for payment of Severance fees.

**5. General Body Meetings**

**i. General Meeting**

a. Annual General Meeting

| Financial Year | Date | Time | Venue | Special Resolutions passed |
|---|---|---|---|---|
| 2019-20 | September 08, 2020 | 3:00 p.m. | Meeting conducted through VC / OAVM pursuant to the MCA Circular | 1. Payment of Commission to Non-Executive (Non-Independent and Independent) Directors of the Company<br>2. Terms of Remuneration of Mr. Rajiv Sabharwal, Managing Director & CEO of the Company |
| 2020-21 | June 28, 2021 | 10:00 a.m | Meeting conducted through VC / OAVM pursuant to the MCA Circular | Nil |
| 2021-22 | June 28, 2022 | 10:00 a.m | Meeting conducted through VC / OAVM pursuant to the MCA Circular | Revision in the terms of remuneration of Mr. Rajiv Sabharwal, Managing Director & CEO |

b. Extraordinary General Meeting ("EGM"):

EGM was held on March 29, 2023 at 10:00 A.M. through VC / OAVM for Re-appointment of Mr. Rajiv Sabharwal as the Managing Director & CEO of the Company and for amendment of the Tata Capital Limited Employee Stock Purchase / Option Scheme.

c. Whether any special resolution passed last year through postal ballot - details of voting pattern - None.

d. Person who conducted the postal ballot exercise - Not applicable.

e. Whether any special resolution is proposed to be conducted through postal ballot - None.

f. Procedure for postal ballot - Not applicable.

**6. Means of Communication**

The 'Investor Information & Financials' 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 at compliance.ncd@tatacapital.com and the Cumulative Redeemable Preference Shares (CRPS) holders can send their queries/complaints at crps@tatacapital.com. Financial Results are normally published in Business Standard Newspaper.

**7. General Information for Members and Debenture holders**

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai. The Corporate Identity Number allotted to the Company by the Ministry of Corporate Affairs is U65990MH1991PLC060670.

**i. Details of Debenture Trustees and the Registrar and Transfer Agents of the Company are, given below:**

| **Debenture Trustees** |
|---|
| IDBI Trusteeship Services Limited<br>Ground Floor, Universal Insurance Building, Sir Phirozshah Mehta Road<br>Fort, Mumbai – 400 001.<br>Website: www.idbitrustee.com<br>Tel: 91 22 40807000, Fax:91 22 66311776.<br>e-mail: itsl@idbitrustee.com |
| **Registrar and Transfer Agents - Equity Shares, Preference Shares and Non-Convertible Debentures issued on a Private Placement basis** |
| TSR Consultants Private Limited<br>(formerly known as TSR Darashaw Consultants Private Limited)<br>(Subsidiary of Link Intime India Private Limited)<br>C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai-400083<br>Website: https://www.tcplindia.co.in/ Phone No.: 022- 66568484<br>E-mail: csg-unit@tcplindia.co.in |

**ii. Annual General Meeting for FY 2022-23**

Date: June 28, 2023
Time: 10:00 A.M.
Venue: Through Video Conferencing / Other Audio Visual Means

**iii. Financial Year:** April 1, 2022 to March 31, 2023

**iv. Dividend Payment date**: On or after June 28, 2023

**v. Listing on Stock Exchange**

Only Unsecured, Redeemable, Non-Convertible Debentures issued by the Company on a private placement basis are listed on the National Stock Exchange of India Limited.

National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051

Listing Fees as applicable have been paid for FY 2022-23 and FY 2023-24.

vi. **Stock Codes/Symbol**

NSE: TATACAP

vii. **Market Price data- high, low during each month in last financial year** - Not Applicable

viii. **Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc.** - Not Applicable

ix. **In case of securities are suspended from trading, the directors report shall explain the reason thereof.** - Not Applicable

x. **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 the shares of the Company are in dematerialized form, hence, transfers of shares in electronic form are effected through the depositories with no involvement of the Company.

xi. **Distribution of shareholding as on March 31, 2023:**

- **Equity Shareholding:**

| No. of Shares | Shareholding | % of total Equity Shares | No. of Shareholders | % of total Equity shareholders |
|---|---|---|---|---|
| 1-1000 | 6,221 | 0.00 | 12 | 1.56 |
| 1001-5000 | 5,90,898 | 0.02 | 163 | 21.17 |
| 5001-10000 | 12,03,984 | 0.03 | 175 | 22.73 |
| 10001-20000 | 26,51,911 | 0.08 | 203 | 26.36 |
| 20001-30000 | 14,38,853 | 0.04 | 61 | 7.92 |
| 30001-40000 | 11,74,069 | 0.03 | 34 | 4.42 |
| 40001-50000 | 7,78,825 | 0.02 | 18 | 2.34 |
| 50001-100000 | 31,11,138 | 0.09 | 45 | 5.84 |
| 100001 - Above | 3,54,91,63,942 | 99.69 | 59 | 7.66 |
| **Grand Total** | **3,56,01,19,841** | **100** | **770** | **100** |

- **Preference Shareholding:**

| No. of Shares | Shareholding | % of total Preference Shares | No. of Shareholders | % of total Preference shareholders |
|---|---|---|---|---|
| 1-1000 | 6,78,187 | 6.34 | 902 | 48.68 |
| 1001-5000 | 19,24,364 | 17.99 | 722 | 38.97 |
| 5001-10000 | 8,90,999 | 8.33 | 99 | 5.34 |
| 10001-20000 | 8,28,200 | 7.74 | 50 | 2.70 |
| 20001-30000 | 5,65,050 | 5.28 | 21 | 1.13 |
| 30001-40000 | 3,38,500 | 3.16 | 9 | 0.49 |
| 40001-50000 | 12,87,800 | 12.04 | 26 | 1.40 |
| 50001-100000 | 9,71,050 | 9.08 | 13 | 0.70 |
| 100001 - Above | 32,13,100 | 30.04 | 11 | 0.59 |
| **Grand Total** | **1,06,97,250** | **100** | **1,853** | **100** |

- **Category of Equity and Preference Shareholding:**

Equity Shares (Face Value: ₹ 10):

| Category | No. of Equity Shares held | % of holding |
|---|---|---|
| Promoter | 3,36,86,83,388 | 94.62 |
| Bodies Corporate | 11,57,38,600 | 3.25 |
| Trust | 5,30,39,007 | 1.49 |
| Individuals | 2,26,58,846 | 0.64 |
| **Total (A)** | **3,56,01,19,841** | **100.00** |

Preference Shares (Face Value: ₹ 1000):

| Category | No. of Preference Shares held | % of holding |
|---|---|---|
| Bodies Corporate | 54,65,919 | 51.10 |
| Individuals | 47,39,576 | 44.30 |
| Trust | 1,52,500 | 1.43 |
| Others | 3,39,255 | 3.17 |
| **Total (B)** | **1,06,97,250** | **100.00** |
| **Grand Total of Shares (A + B)** | **3,57,08,17,091** | |

**xii. Dematerialization of shares and liquidity:**

All the Equity shares and Preference Shares of the Company are in dematerialized form as on March 31, 2023. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE976I01016.

**xiii. Outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:** Not Applicable*

**xiv. Commodity price risk or foreign exchange risk and hedging activities:** Not Applicable*

**xv. Plant locations**: - Not Applicable *

**xvi. Address for correspondence:**
11th Floor, Tower A, Peninsula Business Park
Ganpatrao Kadam Marg, Lower Parel,
Mumbai 400013

**xvii. 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.

**xviii. 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.

**xix. Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries:**

| Sr. No. | Name of Material Subsidiary | Date and place of incorporation | Name of Statutory Auditor | Date of Appointment of Statutory Auditor |
|---|---|---|---|---|
| 1. | Tata Capital Financial Services Limited | Nov 19, 2010, Mumbai | M/s Walker Chandiok & Co LLP, Chartered Accountants and M/s M M Nissim & Co. LLP, Chartered Accountants | Nov 12, 2021 |
| 2. | Tata Capital Housing Finance Limited | Oct 15, 2008, Mumbai | M/s CNK & Associates LLP, Chartered Accountants and M/s T R Chadha & Co LLP, Chartered Accountants | Nov 12, 2021 |
| 3. | Tata Cleantech Capital Limited | Sept 27, 2011, Mumbai | M/s Mukund M. Chitale & Co., Chartered Accountants | Nov 12, 2021 |

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

**8. Other Disclosure**

| Particulars | Details |
|---|---|
| Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large; | There were no material related party transactions during the year that have a conflict with the interest of the Company. |
| a) Details of non - compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets, during the last three years; | NIL |
| b) Details of penalties of stricture imposed on it by the Reserve Bank or any other statutory authority | 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. 11 and 12 of this report respectively. |

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Web link where policy for determining ‘material’ subsidiaries is disclosed;</td><td>The Company has a policy for determining ‘material subsidiaries’ which is disclosed on its website at https://www.tatacapital.com/content/dam/tata-capital/pdf/tcl/TCL__Policyfordeterminingmaterialsubsidiaries.pdf</td></tr>
<tr><td>Web link where policy on dealing with related party transactions</td><td>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/tcl/TCL_RPTPolicy.pdf</td></tr>
<tr><td>Disclosure of commodity price risks and commodity hedging activities</td><td>Not Applicable</td></tr>
<tr><td>Details of utilization of funds raised through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A).</td><td>Not Applicable</td></tr>
<tr><td>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</td><td>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 Annexure I.</td></tr>
<tr><td>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:</td><td>During FY 2022-23, all the recommendations of the various Committees of the Board were accepted by the Board.</td></tr>
<tr><td>Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.</td><td>The particulars of payment of fees to Statutory Auditors is given below:
<table>
<tr><th>Particulars</th><th>Amount (₹ In lakh)</th></tr>
<tr><td>(i) Audit fees</td><td>429.5</td></tr>
<tr><td>(ii) Tax audit fees</td><td>19.0</td></tr>
<tr><td>(iii) Other Services (includes out of pocket expenses)</td><td>41.0</td></tr>
<tr><td>Total</td><td>489.5</td></tr>
</table>
Further no fees were paid to any entity in the network firm/network entity of which the Statutory Auditor is a part.</td></tr>
<tr><td>Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013</td><td>
<table>
<tr><td>Number of complaints filed during the financial year.</td><td>Number of complaints disposed of during the financial year.</td><td>Number of complaints pending as on end of the financial year.</td></tr>
<tr><td>Nil</td><td>NA</td><td>NA</td></tr>
</table>
</td></tr>
</table>

| Particulars | Details |
|---|---|
| Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount': | NIL |
| Familiarization Program:<br>Details of familiarisation programmes imparted to Independent Directors is disclosed on its website at https://www.tatacapital.com/content/dam/tata-capital/pdf/investors-and-financial-reports/corporate-governance/Familiarisation%20Programme.pdf | |
| Summary Minutes | A summary of the minutes of the meetings of the Board of the subsidiary companies is placed before the Board for noting on a quarterly basis. |

**9. Unclaimed Amount**

As on March 31, 2023, ₹ 3,396/- was lying as unclaimed with respect to the Dividend on the Equity Shares of the Company declared for the FY2021-22. There is no unpaid / unclaimed amount with respect to the Interest / Dividend / Redemption of NCDs / Preference Shares of the Company.

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

11. 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 posts of Chairman and the Managing Director & CEO such that Chairman is a Non-Executive Director and not related to Managing Director & CEO.

iii. The Chief Internal Auditor of the Company directly reports to Audit Committee of the Company.

12. 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.

The Company is in compliance with all the mandatory requirements specified in Regulation 17 to 27 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 which have become applicable to the Company as a High Value Debt Listed Entity ("HVDLE") w.e.f September 7, 2021.

13. **Declaration signed by the chief executive officer 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 & CEO. 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 & CEO to this effect is reproduced at the end of this report and marked as *Annexure II*.

14. **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 a compliance certificate from the Practising Company Secretaries on corporate governance. The same is reproduced at the end of this report and marked as *Annexure III*.

15. **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 Limited**
11th Floor, Tower A,
Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai - 400013

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Tata Capital Limited** having CIN **U65990MH1991PLC060670** 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, 2023 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.

| S. No. | Name of Director | DIN | Date of Appointment in Company * |
|---|---|---|---|
| 1. | Mr. Farokh Nariman Subedar | 00028428 | 11/03/1997 |
| 2. | Mr. Rajiv Sabharwal | 00057333 | 01/04/2018 |
| 3. | Mr. Saurabh Agrawal | 02144558 | 28/07/2017 |
| 4. | Ms. Varsha Purandare | 05288076 | 01/04/2019 |
| 5. | Ms. Aarthi Subramanian | 07121802 | 30/10/2017 |
| 6. | Ms. Malvika Sinha | 08373142 | 01/04/2021 |
| 7. | Mr. Mathew Cyriac | 01903606 | 30/03/2023 |
| 8. | Mr. V. S. Radhakrishnan | 08064705 | 30/03/2023 |

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

Ensuring the eligibility 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: F006488E000346487
PR No.: 1129/2021
Mumbai, 22.05.2023

*Annexure II*

## DECLARATION BY THE MANAGING DIRECTOR & CEO

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, 2023.

For **Tata Capital Limited**

**Rajiv Sabharwal**
**Managing Director & CEO**

Place: Mumbai
Date: May 22, 2023

*Annexure III*

## PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

**To the Members of**
**Tata Capital Limited**

We have examined the compliance of the conditions of Corporate Governance by Tata Capital Limited ('the Company') for the year ended on March 31, 2023, 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 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 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, 2023 and had provided necessary explanation pertaining to compliance of Regulation 17 to 27 in the quarterly compliance report on Corporate Governance submitted to the Stock Exchange 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: F006488E000346531
PR No.: 1129/2021
Mumbai, 22.05.2023

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. ABOUT TATA CAPITAL

Tata Capital Limited ("TCL" or "Company"), registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Deposit Accepting Core Investment Company ("CIC"), primarily holds investments in its subsidiaries, mainly engaged in lending and offering a wide array of services/products in the financial services sector. TCL is a subsidiary of Tata Sons Private Limited. TCL and its subsidiaries are hereinafter collectively referred to as "Tata Capital". TCL has sponsored Private Equity Funds in India, to which, it acts as an Investment Manager.

TCL has the following 3 subsidiaries engaged in the lending business:

i) **Tata Capital Financial Services Limited ("TCFSL")**, a wholly-owned subsidiary of TCL, is registered with the RBI as a Systemically Important Non-Deposit Accepting Non-Banking Financial Company ("NBFC-ND-SI"). TCFSL is a one stop financial service provider that caters to the diverse needs of the Retail, SME and Corporate Customers.

ii) **Tata Capital Housing Finance Limited ("TCHFL"**), a wholly-owned subsidiary of TCL, is registered as a Housing Finance Company with the National Housing Bank offering home loans, loan against property and builder loans.

iii) **Tata Cleantech Capital Limited ("TCCL")** is registered with the RBI as an Infrastructure Finance Company. TCCL is a joint venture between TCL and International Finance Corporation, Washington D.C., USA, with equity holding in the ratio of 80.50:19.50 respectively. TCCL offers finance and advisory services to entities in the clean technology and infrastructure space.

Apart from lending business, TCL has:

**Private Equity Funds:** The Company has set up six Private Equity Funds in India, viz. Tata Capital Growth Fund I, Tata Capital Growth Fund II, Tata Capital Healthcare Fund I, Tata Capital Healthcare Fund II, Tata Capital Innovations Fund and Tata Capital Special Situations Fund - Trust (collectively referred to as "Funds"). These Funds have been registered with SEBI as Venture Capital Funds/Alternative Investment Funds. The Company has sponsored these Funds and acts as their Investment Manager.

**Presence in Singapore:** Tata Capital Pte. Ltd. ("TCPL"), a wholly-owned subsidiary of TCL, has been established in Singapore and is responsible for Tata Capital's international presence and activities. TCPL's wholly-owned subsidiary in Singapore, Tata Capital Advisors Pte. Ltd. ("TCAPL"), acts as an Investment Manager to the Private Equity Funds set up in Singapore, to which, TCL acts as an Advisor.

**Tata Securities Limited ("Tata Securities")** is a wholly-owned subsidiary of the Company. Tata Securities has been empaneled with several Asset Management Companies operating in India. Tata Securities is currently engaged in the business of distribution of Mutual Fund units.

## 2. ECONOMIC & INDUSTRY SCENARIO

. While the post pandemic global economy continues to be affected by geopolitical tensions and inflationary pressures, India continues to remain a bright spot in the world economy. As per IMF, it will alone contribute 15% of the global growth in 2023 driven by its demographic dividend, pent-up demand growth, digital infrastructure and commitment to fiscal consolidation. Overall, India is expected to close FY23 with a GDP growth of 7%, which is the fastest amongst all the major economies. It is projected to further grow by 6.1% in FY24 - in contrast, the projected global growth rate for same period is only 2.9%.

It is also praiseworthy to note that the Indian financial sector remained largely unaffected amidst the recent turbulence in the US and European banking sectors. This resilience in India's financial system is attributable to adequate capitalisation & liquidity, healthy asset quality and proactive monitoring & timely interventions by the regulator.

In line with its global peers, RBI also undertook several rate hikes during the year to keep the inflationary pressures in check. Despite this, the industry demonstrated strong credit growth of 15% YoY in Mar-23, driven by the overall improvement of the economy and pent-up post-Covid demand. This growth was also evidenced by several high frequency indicators including the Purchasing Manager Index readings, buoyant tax collections, healthy vehicle and tractor sales among others.

The overall NBFC sector including HFCs benefited from resurgent domestic economic activity leading to strong momentum in disbursements and bolstering higher business growth. Asset quality indicators have also been improving steadily for NBFCs and HFCs on the back of higher collections and lower than anticipated slippages on overall book including restructured book. Notably, most major players are focusing on growing their Retail AUM. As per ICRA, the NBFC-Retail AUM is projected to have grown at 16-18% in FY23 and expected to further grow at a healthy 12-14% in FY24. However, margins will be an area of focus as they are expected to remain under pressure in FY24 which may moderate slightly.

The overall outlook for industry remains positive as India treads on its growth trajectory leading to higher credit demand. The growth in credit is expected to be broad based across products and segments with key risks being elevated interest rates and inflation.

## 3. FINANCIAL PERFORMANCE ON A CONSOLIDATED BASIS

Tata Capital witnessed a remarkable FY23 aided by growing loan book, 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.

Consolidated performance highlights of FY23 are as under:

- Recorded highest ever disbursals of ₹ 75,099 crore during the year, up by 42% YoY
- The total loan book stood at ₹ 1,20,940 crore as at March 31, 2023, up by 28% YoY
- A well-diversified portfolio comprising of Retail & SME mix at 80%
- Net interest income including other revenues of ₹ 7,023 crore up by 34% YoY
- Total credit cost stood at 0.5% for the year, down by 80 bps YoY. Our total loan loss provisions stood at 2.7% of the loan book as on Mar'23, which is 2.2x of provisions required as per Income Recognition and Asset Classification (IRAC) norm.
- GNPA & NNPA went down by 20 bps each to 1.7% and 0.4% respectively; Provision Coverage ratio stood at 77%
- Net profit after tax increased YoY by 80% to ₹ 2,975 crore (including certain one-time gains). Excluding, one time gains the Net Profit stood at ₹ 2,414 crore (+46% YoY)
- The Return on Equity increased from 15.6% in FY 2021-22 to 23.0% in FY23 (17.2% excluding one-time gains)
- All the lending subsidiaries are well capitalized and the capital adequacy ratio is well above the stipulated RBI norms.
- Credit rating was reaffirmed to AAA by the leading credit rating agencies.

## 4. SIMPLIFICATION OF STRUCTURE

On 28th March 2023, the Boards of TCL, TCFSL and TCCL at their respective meetings, inter alia approved the Scheme of Arrangement ('Scheme') to amalgamate TCFSL (100% owned by TCL) and TCCL (80.5% owned by TCL) with TCL.

The rationale of the Scheme is as follows:

- Consolidation of businesses would help in achieving simplified organizational structure, improve operational and management efficiencies, streamline business operations and decision-making process and enable greater economies of scale

- Lead to the creation of a larger unified entity with a wider and stronger capital and asset base, having greater capacity for conducting its operations more efficiently and competitively
- Reduction in the number of NBFCs within the group, resulting in lesser overheads including administrative, managerial, and other expenditure, optimal utilization of resources, and provide a common governance structure
- Consolidation of the businesses carried on by them is strategic in nature and will generate significant business synergies thereby enhancing stakeholders' value
- The Companies have a proven track record in the respective businesses of credit and consolidating those will lead to pooling of knowledge and expertise and align with the business plans which will enable the group to meet its long-term objectives
- Greater financial strength and flexibility for the merged entity

We believe this merger will create long-term value for all stakeholders, especially considering the regulatory developments and reforms including higher regulatory standards for NBFCs. This strategic decision will lead to creation of a larger unified entity with a stronger capital base helping us conduct operations more efficiently and competitively.

## 5. RISK MANAGEMENT

Tata Capital Limited along with subsidiaries aims to operate within an effective risk management framework to actively manage all the material risks faced by the organisation and make it resilient to shocks in a rapidly changing environment. It aims to establish consistent approach in management of risks and strive to reach the efficient frontier of risk and return for the organisation and its shareholders.

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

**Credit Risk:** The credit aspects in Tata Capital are primarily covered by the Credit policy and Delegation of Authority approved by the Board of Directors. We measure, monitor and manage credit risks at individual borrower and portfolio level. During the course of the year, we have consistently recalibrated and re-aligned our underwriting criteria with the prevailing market environment across product lines and the associated digital scorecards, significantly leveraging our risk analytics capabilities. This helped us in refining our credit decisioning as well as granular monitoring of our 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 Tata Capital 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:** Tata Capital 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 Defense (Business and Operating Units) on periodic basis to identify and mitigate operational risks to minimise the risk and its impact.

**Fraud Risk:** Tata Capital 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 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. We continue to increase our investment in fraud prevention and detection capabilities to protect our stakeholders.

**Compliance Risk:** Tata Capital 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:** Reputation 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.

Our governance culture supported by sound risk management is aimed at ensuring we remain resilient during challenging periods and forge a sustainable future for the organisation.

The Risk Management Practices of the Company and its subsidiaries are compliant with ISO 31000:2018, which is the International Standard for Risk Management that lays down Principles, Guidelines and Framework for Risk Management in the Organization.

## 6. OPPORTUNITIES AND THREATS

India remains largely underpenetrated in terms of credit. The domestic credit-to-private sector (% of GDP) ratio for India is at ~55%, which is significantly lower than other developed and emerging economies which are well beyond 100% in terms of penetration. Thus, the possibilities for increasing the size of the credit pie through tailored & superior credit offerings are numerous, which bodes well for our Company. To leverage this opportunity, we have focused on following a 'Phygital-led' business strategy by expanding our branch distribution as well as enhancing digital capabilities to offer a superior customer experience. It would also help us to cater to a relatively young Indian population which is increasingly becoming digital.

Furthermore, with emergence of several new age companies, we believe there is unexplored potential for existing large players like us to partner with these new age firms and build stronger technical capabilities, expand business reach and multiply customer base.

Tata Capital would also focus on increasing cross-sell and wallet share by offering customized solutions to their existing and new customers.

In terms of threats, we believe that the impact of elevated interest rates on funding costs could be visible and lead to slowdown of credit offtake as well as increase in credit costs. Growing competitive intensity from banking sector can also affect the growth of NBFCs like ours.

## 7. INTERNAL CONTROL SYSTEMS

Tata Capital'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 Tata Capital'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 Tata Capital. Our internal control system is commensurate with our size and the nature of our operations.

## 8. INTERNAL FINANCIAL CONTROLS

The management has laid down IFC framework covering set of standards, processes and structure across the organization with reference to financial and non-financial controls to ensure that 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 FY23, independent testing was conducted basis process walkthrough and review of samples as per documented controls in the Risk & Control matrix. Testing is performed for each control through an independent firm, on behalf of Management confirming adequacy and effectiveness of controls. During the review there were no material deficiencies or design ineffectiveness of controls was observed.

Inputs from the Internal Financial control exercise and the Risk & Control matrix is also used by Internal Audit for their annual planning as part of the Risk Based Internal Audit policy.

## 9. HUMAN RESOURCES

Tata Capital had 8,350 permanent employees as of March 31, 2023.

Tata Capital firmly believes that Human Capital is its most important asset. A series of engagement interventions across identified key themes were undertaken to increase employee morale and the initiatives focused on key aspects such as physical and mental wellness, celebrations, leadership engagement sessions, fitness and sports, and family engagement activities.

Continuing with its journey of "Happiness at the workplace", the Employee Engagement & Happiness Survey – 2023 was conducted. Tata Capital had an impressive participation rate of 94% and the Engagement score was 85% (FY23-83%) which was higher than the comparative benchmarks identified. Tata Capital also featured amongst India's Best Workplaces™ in BFSI – Top 50 which indicated the commitment of building a High-Trust, High-Performance Culture.

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 environment experienced unprecedented changes and this meant that adapting to the new norm at Tata Capital was critical. Tata Capital 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 Tata Capital'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. Learning initiatives were well recognized by the employees through the Happiness and Engagement survey (Great Place to Work) and emerged as one of the major strengths for Tata Capital.

TATA CAPITAL

Count on us

# Consolidated Financial Statements

## INDEPENDENT AUDITOR'S REPORT

**TO**

**THE MEMBERS OF**
**TATA CAPITAL LIMITED**

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

### Opinion

1. We have audited the accompanying Consolidated Ind AS financial statements of Tata Capital Limited ('the Holding Company' or 'the Parent') and its subsidiaries (the parent and its subsidiaries together referred to as 'the Group'), and its associates, which comprise the consolidated balance sheet as at 31 March 2023 and the consolidated statement of profit (including other comprehensive income), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ('the Consolidated Financial Statements').

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, and in case of entities referred to in paragraph 17 below, based on consideration of management provided statements, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, and its associates as at 31 March 2023, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, 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 along with the consideration of audit reports of the other auditors referred to in the 'Other Matters' paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current year. 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.

| Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| **Impairment of investments in associates**<br>**Charge: ₹ 765 lakhs for year ended 31 March 2023**<br>**Provision: ₹ 12,413 lakhs at 31 March 2023**<br><br>*Refer to the accounting policies in "Note 8 and 11 to the Consolidated Ind AS Financial Statements: Investments" "Note 2 (vii) to the Consolidated Ind AS Financial Statements: Significant Accounting Policies- use of estimates and judgements", "Note 45" to the Consolidated Ind AS Financial Statements: Risk Management Review"* | |
| **Subjective estimate**<br><br>Recognition and measurement of investments in subsidiaries and associates involve significant management judgement.<br><br>The Holding Company has investment in subsidiaries totalling to ₹ 10,96,593 Lakhs and associate companies totalling to ₹ 10,720 Lakhs before elimination for consolidation. Such investments are individually assessed for impairment as per the requirements of Ind AS 36 – "Impairment of Assets."<br><br>We have identified impairment testing of investments in subsidiaries and associates as a Key Audit Matter due to the high magnitude of the carrying value. Considering that the Holding Company is a Core Investment Company ('CIC') which is primarily required to hold investments and loans in group companies as per Reserve Bank of India Master Directions for CICs, impairment testing of investments in such group companies continues to remain an area of focus for the audit. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Holding Company's estimation of impairment are:<br><br>➢ As part of such impairment assessment, management considers financial information, liquidity, and solvency position of investments in subsidiaries and associates. Management also considers other factors such as assessment of the investee Holding company's operations, business performance and modifications, if any, in the auditors' report of such subsidiaries and associates. For some investee companies which are classified as associates, the management sometimes involves an external valuer to assess impairment.<br><br>➢ The Holding Company has investments in Domestic Venture Capital Funds/ Alternative Investment Funds ('the Funds'), which are classified as its subsidiaries, and the impairment assessment for such Funds is done by considering the net asset value of the respective Fund. The net asset value is determined based on the value of the underlying investments held by these Funds. The management involves an external valuer to assess impairment or the fair value of the underlying investments. This process involves consideration of various valuation methodologies such as income or market approach, includes data inputs, assumptions and market related knowledge that requires management judgement and expertise. | **Our audit procedures included the following:**<br><br>**Design / controls**<br><br>➢ Understanding of the process, evaluating the design and testing the operating effectiveness in respect of impairment / fair value assessment of investments done by management.<br><br>➢ Evaluating management's controls over collation of relevant information used for determining estimates for impairment / fair value of investments.<br><br>**Substantive tests**<br><br>➢ Testing appropriate implementation of policy of impairment by management.<br><br>➢ Reconciling the financial information mentioned in impairment assessment to underlying source details. Also, testing the reasonableness of management's estimates considered in such assessment.<br><br>➢ Obtaining and reading latest audited/ management provided financial statements of subsidiaries and associates and noting key financial attributes / potential indicators of impairment.<br><br>➢ Challenge appropriateness and validity of management judgements, by critically evaluating the risks that have been addressed by management in the valuation approach.<br><br>➢ Obtaining independent valuation reports of investments in associates and investments held by the Funds and involving a valuation specialist to test the appropriateness of the fair value of these investments, wherever necessary and applicable, for assessing impairment thereon.<br><br>➢ Assess the completeness, accuracy and relevance of data inputs for the said purpose.<br><br>➢ Assessing the factual accuracy and appropriateness of the disclosures made in the Consolidated Ind AS Financial Statements. |

| | |
|---|---|
| Hence, we determined that the impairment of investments in subsidiaries and associates, has a high degree of estimation, with a potential range of reasonable outcomes significantly high. | |
| **Impairment of loans and advances to customers**<br>Refer note 7 to the Consolidated Financial Statements | |
| **Subjective estimate**<br><br>As at 31 March 2023, the Group has reported gross loan assets of ₹ 1,20,16,427 Lakhs against which an impairment loss of ₹ 3,19,325 Lakhs has been recorded. The Group has recognized impairment provision for loan assets based on the Expected Credit Loss ("ECL") approach laid down under 'Ind AS 109 – Financial Instruments'. 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:<br>➢ Completeness and accuracy of the data used to create assumption in the model<br>➢ determining the criteria for a significant increase in credit risk<br>➢ factoring in future economic indicators<br>➢ techniques used to determine probability of default, loss given default and exposure at default.<br><br>These parameters are derived from the Group's internally developed statistical models and other historical data.<br><br>Further, continuous regulatory overview and changes in the light of economic environment makes this a significant audit area.<br><br>On the basis of an estimate made by the management, an overlay to the tune of ₹ 17,276 lakhs has been recognized by the Group as at 31 March 2023. The basis of estimates and assumptions involved in arriving at the overlay are monitored by the Group periodically and significantly depend on future developments in the economy including expected impairment losses.<br><br>**Disclosure**<br><br>The disclosures regarding the Group's application of Ind AS 109 are key to explaining the key judgements and material inputs to ECL results. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions is also an area of focus. Considering the significance of the above matter to the overall financial statements, additional complexities involved and extent of management's estimates and judgements involved, it required significant auditor attention, hence the key audit matter. | **Our audit procedures included the following:**<br><br>**Design / controls**<br>Key aspects of our controls testing for the Group involved the following:<br>• Evaluating the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109 and our business understanding.<br>• For the Holding Company and its subsidiaries, testing the 'Governance Framework' controls over validation, implementation, and model monitoring in line with the RBI guidance.<br><br>**Substantive tests**<br>Key aspects of our testing included the following:<br>• Inquiries with Management regarding the ECL framework, Group policies on ECL and management overlay and reasonableness of the Group's consideration on the ECL determination.<br>• Performing testing of completeness, accuracy and relevance of data while arriving at the provisions at the consolidated level.<br>• Inquiring with respective component auditors about the above matters and seeking the explanations based on their audit procedures. |

| Information technology system for the financial reporting and Consolidation process | |
|---|---|
| The Group is highly dependent upon its information technology (IT) systems for carrying out its operations and owing to the significant volume of transactions that are processed, which impacts key financial accounting and reporting. The company has put in place the IT General Controls and application controls to ensure that the information produced by the company is 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 financial statements. Considering numerous entities across different business lines to be covered by consolidation, 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, hence a key audit matter. | We have assessed the IT systems and controls over financial reporting, which includes carrying out the key audit procedures, but were not limited to the following:<br>• We obtained an understanding of the Group'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<br>• We also tested the Hyperion system and recalculated the data output with the trial balance of the entities covered by consolidation to ensure completeness and accuracy. |

**Other Information**

5. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report but does not include the Consolidated Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

6. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

8. The Holding Company's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements, that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group, and its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

9. In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. The respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates.

**Auditor's responsibilities for the audit of the Consolidated Financial Statements**

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

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

    12.1. 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.

    12.2. 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 and its subsidiary companies which are companies incorporated in India have adequate internal financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls.

    12.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

    12.4. Conclude on the appropriateness of 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 ability of the Group 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 Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

    12.5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

12.6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors for subsidiary companies and provided by the Management for associate companies, such other auditors and Management remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

16. We did not audit the financial statements of 4 subsidiaries whose financial statements reflect total assets of ₹ 1,31,07,547.36 Lakhs as at 31 March 2023, total revenues of ₹ 12,86,798.98 Lakhs and net cash flows amounting to ₹ 96,540.81 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports 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 these subsidiaries, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

17. The Consolidated Financial Statements also include the Group's share of net profit of ₹ 14,669.82 Lakhs for the year ended 31 March 2023, as considered in the Consolidated Financial Statements, in respect of 18 associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information are 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 these associates, and our report in terms of section 143(3) of the Act in so far as it relates to the aforesaid associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

18. Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

19. As required by section 143(3) of the Act, based on our audit and on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors and management provided financial statement for associates, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

    19.1 We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

    19.2 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 and the reports of the other auditors.

    19.3 The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flow 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.

    19.4 In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.

    19.5 On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, and associate companies incorporated in India, none of the directors of the Group companies, and its associate companies incorporated in India are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

    19.6 With respect to the adequacy of internal financial controls with reference to the Consolidated Financial Statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.

    19.7 In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies, and management provided information in respect of associate companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, and its associate companies incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies, and its associate companies incorporated in India is not in excess of the limit laid down under Section 197 of the Act.

20. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, as noted in the 'Other Matters' paragraph:

    20.1 The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group and its associates – Refer Note 35 to the consolidated financial statements.

20.2 Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 50 to the Consolidated Financial Statements in respect of such items as it relates to the Group and its associates.

20.3 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate companies incorporated in India.

20.4 The respective managements of the Holding Company, its subsidiaries incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ('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 or any of such subsidiaries ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20.5 The respective managements of the Holding Company, its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, respectively, to best of their knowledge and belief, that no funds have been received by the Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries 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.

20.6 Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by auditors of the subsidiaries incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or other auditors to believe that the representation under para 20.4 and 20.5 contain any material misstatement.

20.7 As stated in Note 51 to the Consolidated Financial statements

a. The final dividend proposed in previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

b. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in compliance with Section 123 of the Act.

c. The Board of directors of the Company have proposed final dividend for the year which is subject to approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

20.8 Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), provides for the feature of recording of audit trail (edit log) facility in the accounting software used by the Companies in the group for maintenance of books of account, which is applicable from financial year beginning 1 April 2023. The reporting under clause (g) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 would be done from financial year 2023-24 onwards.

21. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order,2020 ('CARO') issued by Central Government in terms of Section 143(11) of the Act, to be included in Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and based on our consideration of CARO reports issued by respective auditors of the companies included in consolidated financial statements, we report that there are no qualifications or adverse remarks in these CARO reports.

For **KKC & Associates LLP**
Chartered Accountants
(Formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

**Hasmukh B Dedhia**
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSQN4223

Mumbai
27 April 2023

## Annexure 'A' to the Independent Auditors' report on the Consolidated Financial Statements of Tata Capital Limited for the year ended 31 March 2023

(Referred to in paragraph '19.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

**Opinion**

1. In conjunction with our audit of the Consolidated Financial Statements of Tata Capital Limited as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to the Consolidated Financial Statements of Tata Capital Limited ("the Holding Company"), its subsidiary companies, and its associate companies, which are companies incorporated in India, as of that date.

2. In our opinion, the Holding Company, its subsidiary companies, and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

**Management's responsibility for Internal Financial Controls**

3. The respective Board of Directors of the Holding Company, its subsidiary companies, and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's responsibility**

4. Our responsibility is to express an opinion on the Holding Company, its subsidiaries, and its associates, which are companies incorporated in India, internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements. Those SAs 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 the Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

6. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Financial Statements.

**Meaning of Internal Financial controls with reference to the Consolidated Financial Statements**

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

**Inherent Limitations of Internal Financial Controls with reference to the consolidated Financial Statements**

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

**Other Matters**

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to the Consolidated Financial Statements in so far as it relates to 3 subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For **KKC & Associates LLP**
Chartered Accountants
(Formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

**Hasmukh B Dedhia**
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSQN4223

Mumbai
27 April 2023

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

(₹ in lakh)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Financial Assets** | | | |
| (a) Cash and cash equivalents | 3 | **3,05,888** | 2,08,162 |
| (b) Bank balance other than (a) above | 4 | **25,771** | 5,420 |
| (c) Derivative financial instruments | 5 | **22,958** | 3,521 |
| (d) Receivables | | | |
| (i) Trade receivables | 6 *(i)* | **7,361** | 3,233 |
| (ii) Other receivables | 6 *(ii)* | **39** | 22 |
| (e) Loans | 7 | **1,16,75,613** | 90,11,053 |
| (f) Investments | 8 | **12,65,897** | 6,78,008 |
| (g) Other financial assets | 9 | **36,506** | 25,090 |
| | | **1,33,40,033** | **99,34,509** |
| **(2) Non-Financial Assets** | | | |
| (a) Current tax assets (net) | 10 *(i)* | **14,087** | 16,565 |
| (b) Deferred tax assets (net) | 10 *(ii)* | **38,107** | 84,099 |
| (c) Investments accounted using equity method | 11 | **59,507** | 1,06,608 |
| (d) Investment property | 12 | **1,987** | 2,016 |
| (e) Property, plant and equipment | 12 | **48,627** | 56,280 |
| (f) Capital work-in-progress | 12 *(i)* | **1,130** | 377 |
| (g) Intangible assets under development | 12 *(ii)* | **872** | 772 |
| (h) Other intangible assets | 12 | **3,255** | 2,514 |
| (i) Right of use assets | 37 | **19,393** | 11,133 |
| (j) Other non-financial assets | 13 | **29,227** | 22,683 |
| | | **2,16,192** | **3,03,047** |
| **Total Assets** | | **1,35,56,225** | **1,02,37,556** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **(1) Financial Liabilities** | | | |
| (a) Derivative financial instruments | 5 | **6,232** | 34,305 |
| (b) Payables | 14 | | |
| (i) Trade payables | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | **703** | 203 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | **1,23,197** | 1,02,222 |
| (ii) Other payables | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | - | - |

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

(₹ in lakh)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| (c) Debt securities | 15 | **51,37,558** | 40,69,140 |
| (d) Borrowings (Other than debt securities) | 16 | **54,93,413** | 38,63,992 |
| (e) Subordinated liabilities | 17 | **7,02,620** | 6,88,845 |
| (f) Lease liabilites | 37 | **20,538** | 12,345 |
| (g) Other financial liabilities | 18 | **1,95,425** | 1,26,873 |
| | | **1,16,79,686** | **88,97,925** |
| **(2) Non-Financial Liabilities** | | | |
| (a) Current tax liabilities (net) | 10 *(iii)* | **30,677** | 34,939 |
| (b) Provisions | 19 | **9,946** | 7,302 |
| (c) Other non-financial liabilities | 20 | **21,049** | 13,791 |
| | | **61,672** | **56,032** |
| **(3) Equity** | | | |
| (a) Equity share capital | 21 | **3,50,707** | 3,46,335 |
| (b) Other equity | 22 | **13,45,166** | 8,24,971 |
| **Equity attributable to owners of the Company** | | **16,95,873** | **11,71,306** |
| **(4) Non-controlling interest** | | **1,18,994** | **1,12,293** |
| **Total Liabilities and Equity** | | **1,35,56,225** | **1,02,37,556** |
| Significant accounting policies | | | 2 |
| See accompanying notes forming part of the Consolidated Financial Statements | | | 3 to 54 |

In terms of our report of even date

**For KKC & Associates LLP**
*Chartered Accountants*
(formerly Khimji Kunverji & Co LLP)
Firm's Registration No: 105146W/W100621

**Hasmukh B. Dedhia**
*(Partner)*
Membership No: 033494

Mumbai
April 27, 2023

For and on behalf of the Board of Directors

**Saurabh Agrawal**
*(Chairman)*
DIN: 02144558

**F. N. Subedar**
*(Director)*
DIN: 00028428

**Varsha Purandare**
*(Director)*
DIN : 05288076

**Malvika Sinha**
*(Director)*
DIN: 08373142

**V.S. Radhakrishnan**
*(Director)*
DIN: 08064705

**Mathew Cyriac**
*(Director)*
DIN: 01903606

**Aarthi Subramanian**
*(Director)*
DIN: 07121802

**Rajiv Sabharwal**
*(Managing Director & CEO)*
DIN: 00057333

**Sarita Kamath**
*(Head - Legal and Compliance & Company Secretary)*

**Rakesh Bhatia**
*(Chief Financial Officer)*

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakh)

| | Particulars | Note No. | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|---|---|
| | **Revenue from operations** | | | |
| (i) | Interest income | 23 | **11,89,590** | 9,08,975 |
| (ii) | Dividend income | | **79** | 82 |
| (iii) | Rental income | | **26,926** | 30,339 |
| (iv) | Fee and commission income | 24 | **31,414** | 25,813 |
| (v) | Net gain on fair value changes | 25 | **6,374** | 39,923 |
| (vi) | Net gain on derecognition of associates | | **81,458** | 5,715 |
| (vii) | Net gain on derecognition of investment carried at amortised cost | | **-** | 87 |
| **I** | **Total revenue from operations** | | **13,35,841** | **10,10,934** |
| II | Other income | 26 | **27,859** | 20,207 |
| **III** | **Total income (I+II)** | | **13,63,700** | **10,31,141** |
| | **Expenses** | | | |
| (i) | Finance costs | 27 | **6,60,078** | 4,88,903 |
| (ii) | Impairment on investment in associates | | **765** | 267 |
| (iii) | Impairment on financial instruments | 28 | **57,429** | 1,08,061 |
| (iv) | Employee benefits expense | 29 | **1,28,541** | 88,980 |
| (v) | Depreciation, amortisation and impairment | 12 | **22,602** | 27,588 |
| (vi) | Other expenses | 30 | **1,15,299** | 93,534 |
| **IV** | **Total expenses** | | **9,84,714** | **8,07,333** |
| **V** | **Profit from continuing operations before exceptional items, share of net profits of investments accounted for using equity method and tax** | | **3,78,986** | 2,23,808 |
| **VI** | Share in profit of associates | | **14,670** | 10,964 |
| **VII** | **Profit from continuing operations before exceptional items and tax (V + VI)** | | **3,93,656** | 2,34,772 |
| **VIII** | Exceptional items | | **-** | **-** |
| **IX** | **Profit before tax from continuing operations (VII + VIII)** | | **3,93,656** | 2,34,772 |
| | **Tax expenses** | | | |
| (i) | Current tax | **11** | **1,08,455** | 66,138 |
| (ii) | Deferred tax | **11** | **(7,960)** | (11,009) |
| (iii) | Short / (Excess) of earlier years | **11** | **(1,416)** | (438) |
| **X** | **Net tax expense** | | **99,079** | **54,691** |
| **XI** | **Profit for the year from continuing operations (IX-X)** | | **2,94,577** | **1,80,081** |
| **XII** | **Other Comprehensive Income** | | | |
| **A** | **Items that will not be reclassified to profit or loss** | | | |
| | **Owners of the Company** | | | |
| | (a) Remeasurement of defined employee benefit plans | | **(1,233)** | (247) |
| | (b) Current tax relating to Remeasurement of defined employee benefit plans | | **314** | 62 |

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakh)

| | Particulars | Note No. | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|---|---|
| | (c) Changes in fair values of investment in equities carried at Fair Value Through Other Comprehensive Income (FVTOCI) | | **2,22,995** | - |
| | (d) Tax on Changes in fair values of investment in equities carried at FVTOCI | | **(53,262)** | - |
| | **Non controlling interest** | | | |
| | (a) Remeasurement of the defined employee benefit plans (net of tax) | | **(8)** | - |
| | (b) Changes in fair values of investment in equities carried at FVTOCI | | **5,564** | - |
| **B** | **Items that will be reclassified to profit or loss** | | | |
| | **Owners of the Company** | | | |
| | (a) Debt instruments measured through FVTOCI | | **(1,212)** | (1,068) |
| | (b) Income tax on Debt instruments through FVTOCI | | **211** | 182 |
| | (c) Fair value loss on financial assets carried at FVTOCI | | **(387)** | (1,056) |
| | (d) Income tax relating to fair value gain on financial asset measured through FVTOCI | | **101** | 327 |
| | (e) The effective portion of gain on hedging instruments in a cash flow hedge | | **4,039** | 5,283 |
| | (f) Income tax relating to the effective portion of gain on hedging instruments in a cash flow hedge | | **(1,027)** | (1,361) |
| | (g) Share of other comprehensive income in associates (net) | | **(858)** | 1,338 |
| | (h) Exchange differences in translating financial statements of foreign operations | | **4,763** | 1,603 |
| | **Non controlling interest** | | | |
| | (a) Fair value loss on financial asset measured through FVTOCI | | **(39)** | (134) |
| | (b) The effective portion of loss on hedging instruments in a cash flow hedge | | **43** | 124 |
| | **Total Other Comprehensive Income** | | **1,80,004** | **5,053** |
| **XIII** | **Total Comprehensive Income for the year (XI+XII)** | | **4,74,581** | **1,85,134** |
| **XIV** | **Profit for the year attributable to:** | | | |
| | Owners of the company | | **2,97,490** | 1,64,821 |
| | Non-controlling interest | | **(2,913)** | 15,260 |
| **XV** | **Other comprehensive income for the year attributable to:** | | | |
| | Owners of the company | | **1,74,444** | 5,063 |
| | Non-controlling interest | | **5,560** | (10) |

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakh)

| Particulars | Note No. | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|---|
| **XVI Total comprehensive income for the year attributable to: (XIV+XV)** | | | |
| Owners of the company | | **4,71,934** | 1,69,884 |
| Non-controlling interest | | **2,647** | 15,250 |
| **XVII Earnings per equity share (Face value : ₹ 10 per share)** | 38 | | |
| (1) Basic (₹) | | **8.46** | 4.69 |
| (2) Diluted (₹) | | **8.46** | 4.69 |
| Significant accounting policies | | | 2 |
| See accompanying notes forming part of the Consolidated Financial Statements | | | 3 to 54 |

In terms of our report of even date

**For KKC & Associates LLP**
*Chartered Accountants*
(formerly Khimji Kunverji & Co LLP)
Firm's Registration No: 105146W/W100621

**Hasmukh B. Dedhia**
*(Partner)*
Membership No: 033494

Mumbai
April 27, 2023

For and on behalf of the Board of Directors

**Saurabh Agrawal**
*(Chairman)*
DIN: 02144558

**F. N. Subedar**
*(Director)*
DIN: 00028428

**Varsha Purandare**
*(Director)*
DIN : 05288076

**Malvika Sinha**
*(Director)*
DIN: 08373142

**V.S. Radhakrishnan**
*(Director)*
DIN: 08064705

**Mathew Cyriac**
*(Director)*
DIN: 01903606

**Aarthi Subramanian**
*(Director)*
DIN: 07121802

**Rajiv Sabharwal**
*(Managing Director & CEO)*
DIN: 00057333

**Sarita Kamath**
*(Head - Legal and Compliance & Company Secretary)*

**Rakesh Bhatia**
*(Chief Financial Officer)*

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakh)

| Particulars | Note No. | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|---|
| **1. CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit before tax | | **3,93,656** | 2,34,772 |
| **Adjustments for :** | | | |
| Depreciation, amortisation and impairment | | **22,602** | 27,588 |
| Net loss / (gain) on derecognition of property, plant and equipment and right-to-use assets | | **310** | (1,014) |
| Interest expenses | | **6,60,078** | 4,88,903 |
| Interest income | | **(11,89,590)** | (9,08,975) |
| Dividend income | | **(79)** | (82) |
| Provision for leave encashment | | **512** | 89 |
| Exchange gains (net) | | **(282)** | (8) |
| Net loss/(gain) on fair value changes | | | |
| - Realised | | **(6,433)** | (8,327) |
| - Unrealised | | **58** | (31,596) |
| Net loss / (gain) on derecognition of investment in Associates | | **(81,458)** | (5,715) |
| Net gain on derecognition of investment carried at amortised cost | | **-** | (87) |
| Rental income on fair valuation of security deposit | | **(3,907)** | - |
| Share in profit of associates | | **(14,670)** | (10,964) |
| Share based payments to employees | | **2,148** | 1,510 |
| Interest on income tax refund | | **(208)** | (54) |
| Impairment on financial instruments | | **55,775** | 1,08,081 |
| Impairment on investments | | **765** | 264 |
| Provision against derivative current credit exposure | | **67** | - |
| Provision against trade receivables | | **1,587** | (17) |
| Provision against assets held for sale | | **-** | (1) |
| | | **(1,59,069)** | **(1,05,633)** |
| Interest paid | | **(5,90,478)** | (4,48,837) |
| Interest received | | **11,42,176** | 8,62,646 |
| Interest received on income tax refund | | **208** | 54 |
| Dividend received | | **2,011** | 113 |
| **Cash generated from operation before working capital changes** | | **3,94,848** | **3,08,343** |
| Movement in working capital: | | | |
| (Increase) / decrease in loans | | **(26,76,394)** | (17,08,722) |
| Increase in trade receivables | | **(5,730)** | (566) |
| Decrease / (Increase) in other financial / non financial assets | | **(17,442)** | 26,112 |
| Increase / (decrease) in other financial / non financial liabilities | | **73,479** | (23,420) |
| Increase / (decrease) in provisions | | **(1,325)** | (314) |
| Increase in trade payable | | **21,976** | 21,629 |
| | | **(26,05,436)** | **(16,85,281)** |
| Taxes paid (net) | | **(1,08,383)** | (61,746) |
| **NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES** | | **(23,18,971)** | **(14,38,684)** |

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakh)

| Particulars | Note No. | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|---|
| **2. CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment (including capital advances) | | **(20,799)** | (3,996) |
| Proceeds from sale of property, plant and equipment | | **6,049** | 6,357 |
| Investment in associates | | **(15,146)** | (18,914) |
| Purchase of mutual fund units | | **(3,72,05,094)** | (2,40,59,295) |
| Purchase of other investments | | **(8,72,099)** | (6,14,931) |
| Proceeds from redemption of mutual fund units | | **3,70,68,001** | 2,39,12,414 |
| Proceeds from sale of associates | | **1,00,846** | 11,429 |
| Proceeds from sale of other investments | | **7,30,884** | 5,07,395 |
| Bank Balances not considered as cash and cash equivalents | | **(19,588)** | (2,169) |
| **NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES** | | **(2,26,946)** | **(2,61,710)** |
| **3. CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of Equity Shares | | **59,379** | - |
| Infusion of capital by minority shareholders | | **20,316** | 20,080 |
| Payout of income/gain to contributors | | **(18,275)** | (3,571) |
| Repayment of lease obligation | | **(4,104)** | (3,670) |
| Redemption of preference shares | | **(4,020)** | (4,988) |
| Share and debt issue expenses | | **(4,211)** | (1,735) |
| Dividend paid on equity & preference shares | | **(13,611)** | (8,244) |
| Proceeds from debt Securities | | **36,66,450** | 65,28,619 |
| Proceeds from borrowings (other than debt securities) | | **45,82,843** | 48,09,067 |
| Proceeds from subordinated liabilities | | **12,900** | 1,07,100 |
| Repayment of debt securities | | **(26,34,761)** | (56,63,063) |
| Repayment of borrowings (other than debt securities) | | **(30,12,018)** | (40,67,245) |
| Repayment of subordinated liabilities | | **(7,931)** | (6,792) |
| **NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES** | | **26,42,957** | **17,05,558** |

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakh)

| Particulars | Note No. | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|---|
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **97,040** | **5,164** |
| **CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR** | | **2,08,162** | **2,02,691** |
| Exchange difference on translation of foreign currency cash and cash equivalents | | **686** | 307 |
| **CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR** | | **3,05,888** | **2,08,162** |
| Significant accounting policies | | | 2 |
| See accompanying notes forming part of the Consolidated Financial Statements | | | 3 to 54 |

In terms of our report of even date

**For KKC & Associates LLP**
*Chartered Accountants*
(formerly Khimji Kunverji & Co LLP)
Firm's Registration No: 105146W/W100621

**Hasmukh B. Dedhia**
*(Partner)*
Membership No: 033494

Mumbai
April 27, 2023

For and on behalf of the Board of Directors

**Saurabh Agrawal**
*(Chairman)*
DIN: 02144558

**F. N. Subedar**
*(Director)*
DIN: 00028428

**Varsha Purandare**
*(Director)*
DIN : 05288076

**Malvika Sinha**
*(Director)*
DIN: 08373142

**V.S. Radhakrishnan**
*(Director)*
DIN: 08064705

**Mathew Cyriac**
*(Director)*
DIN: 01903606

**Aarthi Subramanian**
*(Director)*
DIN: 07121802

**Rajiv Sabharwal**
*(Managing Director & CEO)*
DIN: 00057333

**Sarita Kamath**
*(Head - Legal and Compliance & Company Secretary)*

**Rakesh Bhatia**
*(Chief Financial Officer)*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

## a Equity share capital

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | (₹ in lakh) | No. of Shares | (₹ in lakh) |
| **Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year** | **3,46,33,69,745** | **3,46,335** | 3,46,36,42,214 | 3,46,360 |
| Changes in equity share capital due to prior period errors | - | - | - | - |
| **Restated balance** | **3,46,33,69,745** | **3,46,335** | **3,46,36,42,214** | **3,46,360** |
| Add: Shares issued during the year: | **4,39,52,097** | **4,395** | - | - |
| Add: Subscription of right issue by ESOP trust | **(6,63,088)** | **(66)** | - | - |
| Add/(less): Net shares issued to Employees by ESOP trust | **4,22,080** | **42** | (2,72,469) | (27) |
| Add/(Less): Loans to Employees (net) | | **1** | | 2 |
| **Issued, subscribed and fully paid up equity shares outstanding at the end of the year** | **3,50,70,80,834** | **3,50,707** | **3,46,33,69,745** | **3,46,335** |

## b Other equity

(₹ in lakh)

| Particulars | Reserves and surplus | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Securities premium | Capital reserve | Capital Redemption Reserve | Debenture Redemption Reserve | Special Reserve Account | Retained earnings | General reserve | Employee stock option outstanding account |
| **Balance as at April 1, 2021** | 2,93,323 | 43 | 575 | 30,000 | 1,39,222 | 1,77,672 | 1,785 | 2,111 |
| Changes in accounting policy / prior period errors | - | - | - | - | - | - | - | - |
| **Restated balance as at April 1, 2021** | **2,93,323** | **43** | **575** | **30,000** | **1,39,222** | **1,77,672** | **1,785** | **2,111** |
| Profit for the year (a) | - | - | - | - | - | 1,64,821 | - | - |
| Other comprehensive income, net of tax (b) | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year (c)=(a)+(b) | - | - | - | - | - | 1,64,821 | - | - |
| Elimination against shares held by the ESOP Trust | (112) | - | - | - | - | - | - | - |
| Share issue expenses | (2) | - | - | - | - | - | - | - |
| Employee share options (net) | - | - | - | - | - | - | 241 | 1,168 |
| Transfer to Special Reserve Account | - | - | - | - | 35,113 | (35,113) | - | - |
| Elimination against shares held by the ESOP Trust | - | - | - | - | - | - | - | - |

| Particulars | Reserves and surplus | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Securities premium | Capital reserve | Capital Redemption Reserve | Debenture Redemption Reserve | Special Reserve Account | Retained earnings | General reserve | Employee stock option outstanding account |
| Loan given to employees for ESOP's held | 5 | - | - | - | - | - | - | - |
| Interim dividend on equity shares (including tax on dividend) | - | - | - | - | - | - | - | - |
| Increase/(decrease) in non-controlling interests due to dilution/ divestment/ acquisition | - | - | - | - | - | 2,847 | - | - |
| Payout of income to contributors | - | - | - | - | - | - | - | - |
| **Balance as at March 31, 2022** | **2,93,214** | **43** | **575** | **30,000** | **1,74,335** | **3,10,227** | **2,026** | **3,279** |
| Changes in accounting policy / prior period errors | - | - | - | - | - | - | - | - |
| **Restated balance as at April 1, 2022** | **2,93,214** | **43** | **575** | **30,000** | **1,74,335** | **3,10,227** | **2,026** | **3,279** |
| Profit for the year (a) | - | - | - | - | - | 2,97,490 | - | - |
| Other comprehensive income, net of tax (b) | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year (c)=(a)+(b) | - | - | - | - | - | 2,97,490 | - | - |
| Elimination against shares held by the ESOP Trust | (815) | - | - | - | - | - | - | - |
| Issue of equity shares | 54,984 | - | - | - | - | - | - | - |
| Share issue expenses | (8) | - | - | - | - | - | - | - |
| Employee share options (net) | - | - | - | - | - | - | - | 1,651 |
| Transfer to Special Reserve Account | - | - | - | - | 65,013 | (65,013) | - | - |
| Transfer to General Reserve Account | - | - | - | (30,000) | - | - | 30,135 | (135) |
| Loan given to employees for ESOP's held | 2 | - | - | - | - | - | - | - |
| Interim dividend on equity shares | - | - | - | - | - | (5,542) | - | - |
| Increase/(decrease) in non-controlling interests due to dilution/ divestment/ acquisition | - | - | - | - | - | (2,011) | - | - |
| Payout of income to contributors | - | - | - | - | - | - | - | - |
| Other adjustments | - | - | - | - | - | (346) | - | - |
| **Balance as at March 31, 2023** | **3,47,377** | **43** | **575** | **-** | **2,39,348** | **5,34,805** | **32,161** | **4,795** |

| Particulars | Items of other comprehensive income | | | | | | Total Other Equity | Non-Controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Foreign currency translation reserve | Remeasurement of defined benefit liability /asset | Fair value changes of financial instrument measured at fair value through other comprehensive income | Debt instruments through Other Comprehensive Income | Cash flow hedge reserve | Equity instruments through Other Comprehensive Income | | | |
| **Balance as at April 01, 2021** | 7,504 | (170) | 1,324 | (29) | (2,420) | - | 6,50,940 | 83,379 | 7,34,319 |
| Changes in accounting policy / prior period errors | - | - | - | - | - | - | - | - | - |
| **Restated balance as at April 1, 2021** | **7,504** | **(170)** | **1,324** | **(29)** | **(2,420)** | **-** | **6,50,940** | **83,379** | **7,34,319** |
| Profit for the year (a) | | | | | | | 1,64,821 | 15,260 | 1,80,081 |
| Other comprehensive income, net of tax (b) | 1,603 | (185) | 609 | (886) | 3,922 | - | 5,063 | (10) | 5,053 |
| Total comprehensive income for the year (c)=(a)+(b) | 1,603 | (185) | 609 | (886) | 3,922 | - | 1,69,884 | 15,250 | 1,85,134 |
| Elimination against shares held by the ESOP Trust | - | - | - | - | - | - | (112) | - | (112) |
| Issue of equity shares | - | - | - | - | - | - | - | - | - |
| Share issue expenses | - | - | - | - | - | - | (2) | - | (2) |
| Employee share options (net) | - | - | - | - | - | - | 1,409 | - | 1,409 |
| Loan given to employees for ESOP's held | - | - | - | - | - | - | 5 | - | 5 |
| Increase/(decrease) in non-controlling interests due to dilution/ divestment/acquisition | - | - | - | - | - | - | 2,847 | 17,233 | 20,080 |
| Payout of income to contributors | - | - | - | - | - | - | - | (3,569) | (3,569) |
| **Balance as at March 31, 2022** | **9,107** | **(355)** | **1,933** | **(915)** | **1,502** | **-** | **8,24,971** | **1,12,293** | **9,37,264** |
| Changes in accounting policy / prior period errors | - | - | - | - | - | - | - | - | - |
| **Restated balance as at April 1, 2022** | **9,107** | **(355)** | **1,933** | **(915)** | **1,502** | **-** | **8,24,971** | **1,12,293** | **9,37,264** |
| Profit for the year (a) | - | - | - | - | - | - | 2,97,490 | (2,913) | 2,94,577 |
| Other comprehensive income, net of tax (b) | 4,763 | (919) | (1,144) | (1,001) | 3,012 | 1,69,733 | 1,74,444 | 5,560 | 1,80,004 |
| Total comprehensive income for the year (c)=(a)+(b) | 4,763 | (919) | (1,144) | (1,001) | 3,012 | 1,69,733 | 4,71,934 | 2,647 | 4,74,581 |
| Elimination against shares held by the ESOP Trust | - | - | - | - | - | - | (815) | - | (815) |
| Issue of equity shares | - | - | - | - | - | - | 54,984 | - | 54,984 |
| Share issue expenses | - | - | - | - | - | - | (8) | - | (8) |
| Employee share options (net) | - | - | - | - | - | - | 1,651 | - | 1,651 |
| Transfer to Special Reserve Account | - | - | - | - | - | - | - | - | - |
| Transfer to General Reserve Account | - | - | - | - | - | - | - | | - |
| Loan given to employees for ESOP's held | - | - | - | - | - | - | 2 | - | 2 |

| Particulars | Items of other comprehensive income | | | | | | Total Other Equity | Non-Controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Foreign currency translation reserve | Remeasurement of defined benefit liability /asset | Fair value changes of financial instrument measured at fair value through other comprehensive income | Debt instruments through Other Comprehensive Income | Cash flow hedge reserve | Equity instruments through Other Comprehensive Income | | | |
| Interim dividend on equity shares | - | - | - | - | - | - | (5,542) | - | (5,542) |
| Increase in non-controlling interests due to investments | - | - | - | - | - | - | (2,011) | 22,327 | 20,316 |
| Payout of income to contributors | - | - | - | - | - | - | - | (18,273) | (18,273) |
| Other adjustments | - | - | - | 346 | - | - | - | - | - |
| **Balance as at March 31, 2023** | **13,870** | **(1,274)** | **789** | **(1,570)** | **4,514** | **1,69,733** | **13,45,166** | **1,18,994** | **14,64,160** |
| Significant accounting policies | | | | | 2 | | | | |
| See accompanying notes forming part of the Consolidated Financial Statements | | | | | 3 to 54 | | | | |

In terms of our report of even date

**For KKC & Associates LLP**
*Chartered Accountants*
(formerly Khimji Kunverji & Co LLP)
Firm's Registration No: 105146W/W100621

**Hasmukh B. Dedhia**
*(Partner)*
Membership No: 033494

Mumbai
April 27, 2023

For and on behalf of the Board of Directors

**Saurabh Agrawal**
*(Chairman)*
DIN: 02144558

**F. N. Subedar**
*(Director)*
DIN: 00028428

**Varsha Purandare**
*(Director)*
DIN : 05288076

**Malvika Sinha**
*(Director)*
DIN: 08373142

**V.S. Radhakrishnan**
*(Director)*
DIN: 08064705

**Mathew Cyriac**
*(Director)*
DIN: 01903606

**Aarthi Subramanian**
*(Director)*
DIN: 07121802

**Rajiv Sabharwal**
*(Managing Director & CEO)*
DIN: 00057333

**Sarita Kamath**
*(Head - Legal and Compliance & Company Secretary)*

**Rakesh Bhatia**
*(Chief Financial Officer)*

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

Tata Capital Limited ("TCL" or "Company") is a subsidiary of Tata Sons Private Limited. In May 2012, the Company was registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Deposit Accepting Core Investment Company ("CIC"). The Company together with its subsidiaries (collectively, the Group),is primarily engaged in lending and investing activities. Further one of the subsidiary within the Group is also engaged in providing broking services and undertaking trading activities.

Information on the Group's subsidiaries and associates is provided in Note 31 & 32.

As a CIC, TCL is a primary holding Company, holding investments in its subsidiaries and other group companies and carries out only such activities as are permitted under the guidelines issued by RBI for CICs. The Company is domiciled in India and incorporated under the Companies Act, 2013 and listed its non-convertible debentures and commercial papers with BSE Limited and National Stock Exchange Limited.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### 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 (amended), 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 and National Housing Bank as applicable to NBFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI/NHB or other regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS required a change in the accounting policy hitherto in use. The consolidated financial statements were authorised for issue by the Board of Directors (BOD) on April 27, 2023.

### ii. Presentation of consolidated 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 amended) as specified under Section 133 of the Act 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 consolidated financial statements are presented in Indian Rupees in lakh, which is also the Group's functional currency, and all amounts have been rounded off to the nearest lakh unless otherwise indicated.

### iii. Basis of measurement

The consolidated 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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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. Principles of Consolidation**

The Group is able to exercise control over the operating decision of the investee companies, resulting in variable returns to the Group 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 Group have been prepared on the following basis:

a) The financial statements of the subsidiaries and associates used in the consolidation are drawn up to the same reporting date as that of the Group i.e., March 31, 2023, except for certain associates for which financial statements as on the reporting date are not available. These have been consolidated based on their latest available financial information. Necessary adjustments have been made for the effects of significant transactions and other events between the reporting dates of such financial information and the consolidated Financial Statements.

b) Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statement of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The consolidated financial statements of the Group and its subsidiaries have been combined on a line-by-line basis by grouping together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

c) The excess of cost to the Group of its investments in the subsidiaries over its share of equity of the subsidiaries, at the dates on which the investments in the subsidiaries were made, is recognised as “Goodwill on Consolidation” and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as ‘Capital Reserve’ and shown under the head ‘Reserves & Surplus’ in the Consolidated Financial Statements.

d) In case of an overseas subsidiary, being a non-integral operation, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the “Foreign Currency Translation Reserve”.

e) Non-controlling interest (NCI) are measured at their proportionate share of the acquiree’s net identifiable assets at the date of acquisition. Changes in the Group’s equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

f) When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date of control is lost. Any resulting gain or loss is recognised in profit or loss.

**v. Investments in associates:**

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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

c) The carrying amount of investment in associates is reduced to recognise impairment, if any, when there is objective evidence of impairment.

d) Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal, is recognised in the statement of profit and loss/statement of other comprehensive income.

**vi. Measurement of fair values:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

Fair value for measurement and/or disclosure purposes for certain items in these consolidated 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 Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The levels are described as follows:

a) Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

b) Level 2: inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

c) Level 3: inputs are unobservable inputs for the valuation of assets or liabilities that the Group can access at the measurement date.

Valuation model and framework used for fair value measurement and disclosure of financial instrument Refer notes 43(a) & 43(b)

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

**vii. Use of estimates and judgements**

The preparation of consolidated financial statements in conformity with Ind AS requires the management of the Group to make judgements, assumptions and estimates that affect the reported

balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the consolidated 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 consolidated 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 consolidated financial statements in the period in which changes are made and, if material, their effect are disclosed in the notes to the consolidated financial statements.

**Judgements:**

Information about judgements made in applying accounting policies that have most significant effect on the amount recognised in the consolidated financial statements is included in the following note:

Note xii - 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, 2023 are included in the following notes:

xiv. Impairment test of non-financial assets: key assumption underlying recoverable amounts.

xiii. The Group's EIR methodology: rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken.

xiv. Useful life of property, plant, equipment and intangibles.

35. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

xxiii. Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

xvi. Measurement of defined benefit obligations: key actuarial assumptions.

43. Determination of the fair value of financial instruments with significant unobservable inputs.

45. 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.

**viii. 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 or issue of a financial asset or liability.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets {i.e. at the amortised cost of the financial asset after adjusting for any expected credit loss allowance (ECLs)}. The Group assesses the collectability of the interest on credit impaired assets at each reporting date. Based on the outcome of such assessment, the interest income accrued on credit impaired financial assets are either accounted for as income or written off as per the write off policy of the Group.

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

The Group recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. Revenue is measured at the transaction price allocated to the performance obligation in accordance with Ind AS 115. The Group identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations.

**Fees and commission income**

(a) The Group recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery. Bounce charges levied on customers for non-payment of instalment on the contractual date is recognised on realisation.

(b) Fees on value added services and products are recognised on rendering of services and products to the customer.

(c) Distribution income is earned by distribution of services and products of other entities under distribution arrangements. The income so earned is recognised on successful distribution on behalf of other entities subject to there being no significant uncertainty of its recovery.

(d) Foreclosure charges are collected from loan customers for early payment / closure of loan and are recognised on realisation.

(e) Wealth Management Business:

(i) Brokerage / Distribution /Fee Income Bonds / Fixed Deposits / Unlisted Equity / Wills & Trust / Alternative Investment Funds / International products / External Asset Cross sell / Other Referral Products : Income is recognised as per the contractual rate on trade date basis and is exclusive of goods and service tax and securities transaction tax (STT) wherever applicable.

(ii) Insurance Income : Income is recognised for the commission earned by the Group on the issuance of policies logged in during the month and confirmed by the Insurers subject to cancellations done by the customers.

(iii) Income from Mutual Funds : Income is recognised as per the commission specified in the agreement on daily average assets under management which is provided by Registrar and Transfer Agents of each Mutual Fund Entities.

(iv) Income from Portfolio Management Services ("PMS") & Alternative Investment Funds ("Trail based AIF") :

a. Income from PMS and Trail based AIF is recognised on monthly basis on the monthly closing assets of each partner and as per the contractual commission specified in the agreement.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

b. Processing fees, if any, is recognized on upfront basis in the year of receipt.

c. Performance based fee, wherever applicable, is recognized as a percentage of annual profit, in accordance with the terms of the agreement with clients on the completion of the period.

**x. Dividend income**

Income from dividend on investment in equity shares of corporate bodies and units of mutual funds is accounted when the Group's right to receive dividend is established and it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

The Group 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 Group recognises a right-of-use asset and a lease liability at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation and accumulated impairment loss, if any, and adjusted for certain re-measurements of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date 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 Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. The carrying amount of lease liability is remeasured to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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 Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised. The discounted rate is generally based on incremental borrowing rate specific to the lease being evaluated.

**xii. 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.

**xiii. Financial Instruments**

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

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

Trade Receivables are measured at transaction price.

**a) Financial assets**

**Classification**

On initial recognition, depending on the Group's business model for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

(i) Amortised cost;

(ii) Fair value through other comprehensive income (FVTOCI); or

(iii) 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 Group changes its business model for managing financial assets.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI - equity investment). This selection is made on investment - by - investment basis.

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

**Business model assessment**

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice.
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model. The Group reassess its business models at 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 (SPPI)**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. That principal amount may change over the life of the financial assets (e.g. if there are payments of principal). Amount of 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

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

Terms that may adjust the contractual coupon rate, including variable interest rate features;

Prepayment and extension features; and

Terms that limit the Group's claim to cash flows from specified assets.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Subsequent measurement and gains and losses**

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss. The transaction costs and fees are also recorded related to these instruments in the statement of profit and loss. |
| 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 FVTOCI | 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 FVTOCI | 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. |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Reclassifications within classes of financial assets**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. The classification and measurement requirements of the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets.

**Impairment of Financial Asset**

**Impairment approach**

Overview of the Expected Credit Losses (ECL) principles

The Group records allowance for expected credit losses for all loans (including those classified as measured at FVTOCI), 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 Group's policies for determining if there has been a significant increase in credit risk are set out in Note 45.

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12m ECLs are calculated on an individual/portfolio basis- having similar risk characteristic, depending on the nature of the underlying portfolio of financial instruments.

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

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

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECLs. This also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Undrawn loan commitments**

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

**Financial guarantee contract:**

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

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

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

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

**The Measurement of ECLs**

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

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

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

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

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

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

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

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

**The mechanics of the ECL method are summarised below:**

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

Stage 2 When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by a contractual or portfolio EIR as the case may be.

Stage 3 For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

In ECL model the Group relies on broad range of forward looking information for economic inputs.

The Group recognises loss allowance for expected credit losses (ECLs) on all financial assets at amortised cost that are debt instruments, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. No impairment loss is recognised on equity investments.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information (Refer Note 44).

**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 Group's internal processes and when the Group concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case by case basis. A write-off constitutes a de-recognition event. The Group has a right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the statement of profit and loss.

**Collateral valuation and repossession**

To mitigate the credit risk on financial assets, the Group seeks to use collateral, where possible as per the powers conferred on the Non Banking Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

The Group provides fully secured, partially secured and unsecured loans to individuals and Corporates. In its normal course of business upon account becoming delinquent, the Group physically repossess properties or other assets in its retail portfolio. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties, vehicles, plant and machinery under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale unless the title is also transferred in the name of the Group.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**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 Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts 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:

(a) the rights to receive cash flows from the asset have expired, or

(b) the Group has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of ownership of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVTOCI 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.

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Financial liability, Equity and Compound Financial Instruments**

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

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

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

**Financial liabilities**

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

Classification

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

**De-recognition of financial liabilities**

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

**Equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

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

**Treasury shares**

When any entity within the Group purchases the company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from securities premium.

**Compound instruments**

The Group has issued financial instruments with equity conversion rights and call options. When establishing the accounting treatment for these non- derivative instruments, the Group first establishes whether the instrument is a compound instrument and classifies such instrument's

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

components separately as financial liabilities or equity instruments in accordance with Ind AS 32. Classification of the liability and equity components of a convertible instrument is not revised as a result of a change in the likelihood that a conversion option will be exercised, even when exercising the option may appear to have become economically advantageous to some holders. When allocating the initial carrying amount of a compound financial instrument to the equity and liability components, the equity component is assigned as the residual amount after deducting from the entire fair value of the instrument, the amount separately determined for the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component. Once the Group has determined the split between equity and liability, it further evaluates whether the liability component has embedded derivatives that must be separately accounted for. Subsequently the liability is measured as per requirement of IND AS 109.

A Cumulative Compulsorily Convertible Preference Shares (CCCPS), with an option to holder to convert the instrument into variable number of equity shares of the entity upon redemption is classified as a financial liability and dividend including dividend distribution tax is accrued on such instruments and recorded as finance cost. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in profit or loss upon conversion or expiration of the conversion option.

**b) Derivative Financial Instruments**

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

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

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with its floating rate borrowings arising from changes in interest rates and exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

**Cash flow hedges**

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

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedge relationships. The change in fair value of the forward element of the forward exchange contracts (‘forward points’) is separately accounted for as cost of hedging and recognised separately within equity.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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 being subject to more than insignificant risk of change in value, are included as part of cash and cash equivalents.

**xiv. Property, plant and equipment (PPE) PPE**

**a) PPE**

Property, plant and equipment acquired by the Group are reported at acquisition cost less accumulated depreciation and accumulated impairment losses and estimated cost of dismantling and removing the item and restoring the site on which its located if any. However estimated cost of dismantling and removing the item and restoring the site on which its located does not arise for leased assets since the same are borne by the lessee as per the lease agreement. The acquisition cost includes any cost attributable for bringing an asset to its working condition net of tax/duty credits availed, which comprises of purchase consideration and other directly attributable costs of bringing the assets to their working condition for their intended use. PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

**b) Capital work-in-progress**

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

**c) Other Intangible assets**

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

**d) Intangible assets under development**

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

**e) Depreciation and Amortisation**

Depreciable amount for tangible property, plant and equipment is the cost of an asset, or other amount substituted for cost, less its estimated residual value. The residual value of each asset given on Operating lease is determined at the time of recording of the lease asset. If the residual value of the Operating lease asset is higher than 5%, the Group has a justification in place for considering the same.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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, equipment and vehicles, in whose case the life of the assets has been internally 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. Based on internal assessment, 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, residual value and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis. Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

**Estimated useful life of Owned assets considered by the Group are:**

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

Leased assets: 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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**g) Impairment of assets**

Upon an observed trigger, the Group reviews the carrying amounts of its PPE, investment property and intangible asset to determine whether there is any indication that the asset have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

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

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.

**xv. Non-Current Assets held for sale:**

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

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

The Group has a policy to make impairment provision at one third of the value of the Asset for each year upon completion of three years up to the end of five years based on the past observed pattern of recoveries. Losses on initial classification as Held for sale and subsequent gains & losses on Remeasurement are recognised in Statement of Profit and loss. Once classified as Held for sale, the assets are no longer amortised or depreciated.

**xvi. Employee Benefits**

Defined Contribution benefits include superannuation fund.

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Defined contribution plans**

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

**Defined benefit plans**

The Group makes Provident Fund contributions, a defined benefit plan for qualifying employees. Under the Schemes, both employees and the 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 Group. Hence the Group is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government. The total liability in respect of the interest shortfall of the Fund is determined on the basis of an actuarial valuation. The interest liability arising only to the extent of the aforesaid differential shortfalls is a defined benefit plan. There is no such shortfall as at March 31, 2023.

**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 Remeasurement gains/ losses are recognised in P&L in the period in which they arise.

**Share based payment transaction**

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

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**xvii. Foreign currency transactions**

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

Functional currency of the Group and foreign operations has been determined based on the primary economic environment in which the 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.

**xviii. Operating Segments**

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. Accordingly, all operating segment's operating results of the Group are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance.

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

Revenue and expense directly attributable to segments are reported under each operating segment. Expenses not directly identifiable to each of the segments have been allocated to each segment on the basis of associated revenues/expenses 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.

**xix. Investments in associates**

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

**xx. Earnings per share**

Basic earnings per share has been computed by dividing net income attributable to owners of the Group 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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

### xxii. 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.

### xxiii. Provisions, contingent liabilities and contingent assets

**Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

**xxiv. 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.

**xxv. 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:

(a) Changes during the period in operating receivables and payables transactions of a non-cash nature;

(b) Non-cash items such as depreciation, Impairment, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and

(c) 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.

**xxvi. 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.

The dividend payable is recognised as a liability with a corresponding amount recognised directly in equity.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**xxvii. Recent amendments**

The Ministry of Corporate Affairs (MCA) on 31st March 2023 through Companies (Indian Accounting Standards) Amendment Rules, 2023 has notified the following amendments to Ind AS which are applicable for the annual periods beginning on or after 1st April, 2023.

a) Ind AS 1 - Presentation of Financial Statements – This amendment requires the Company to disclose its material accounting policies rather than their significant accounting policies.

The Group does not expect this amendment to have any material impact in its financial statements.

b) Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has changed the definition of a "change in accounting estimates" to a definition of "accounting estimates". The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

The Group does not expect this amendment to have any material impact in its financial statements.

c) Ind AS 12 – Income Taxes - This amendment has done away with the recognition exemption on initial recognition of assets and liabilities that give rise to equal and offsetting temporary differences.

The Group does not expect this amendment to have any material impact in its financial statements.

**Note 3: Cash and cash equivalents**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At Amortised cost** | | |
| Cash on hand | **30** | 14 |
| Balances with banks in current accounts | **2,78,883** | 1,36,161 |
| Cheques, drafts on hand | **953** | 378 |
| Balances with banks in deposit accounts (Refer note below) | **26,022** | 71,609 |
| **Total** | **3,05,888** | **2,08,162** |

(i) As at March 31, 2023, the Group had undrawn committed borrowing facilities of Rs. 11,57,951 lakh (March 31, 2022 : Rs. 10,54,267 lakh).

(ii) Balance with banks in deposit accounts comprises deposits that have an original maturity less than 3 months at balance sheet date.

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note 4: Bank balance other than (Note 3) above**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At Amortised cost** | | |
| Balances with banks in deposit accounts | **25,564** | 5,270 |
| Balances with Banks In earmarked accounts | **207** | 150 |
| **Total** | **25,771** | **5,420** |

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

(ii) Deposits includes lien with Banks and Stock Exchanges as margin amounting to ₹ 63 lakh (March 31, 2022: ₹ 63 lakh).

(iii) Deposits amounting to ₹ 50 lakh (March 31, 2022 : ₹ 50 lakh) pertain to collateral deposits with banks for Aadhaar authentication.

**Note 5: Derivative financial instruments**

**As at March 31, 2023** (₹ in lakh)

| Derivatives held for cashflow hedge | Notional value - USD (in mn) | Notional value - JPY (in mn) | Notional value INR (in lakh) | Fair value assets | Fair value liabilities |
|---|---|---|---|---|---|
| Foreign exchange forward | **321** | **3,190** | **1,61,715** | **904** | **5,968** |
| Interest rate swap* | **-** | **-** | **-** | **2,639** | **-** |
| Cross currency swap | **1,270** | **-** | **4,88,572** | **19,415** | **264** |
| **Total** | **1,591** | **3,190** | **6,50,287** | **22,958** | **6,232** |

**As at March 31, 2022** (₹ in lakh)

| Derivatives held for cashflow hedge | Notional value - USD (in mn) | Notional value - JPY (in mn) | Notional value INR (in lakh) | Fair value assets | Fair value liabilities |
|---|---|---|---|---|---|
| Foreign exchange forward | 255 | 17,677 | 3,01,666 | 59 | 33,580 |
| Interest rate swap* | - | - | - | 899 | 427 |
| Cross currency swap | 140 | - | 1,05,728 | 2,563 | 298 |
| **Total** | **395** | **17,677** | **4,07,394** | **3,521** | **34,305** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

**As at March 31, 2023** (₹ in lakh)

| Particulars | Notional amount | Carrying amount of hedging instruments assets | Carrying amount of hedging instruments liabilities | Weighted average contract / strike price of the hedging instrument | Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness profit / (loss) |
|---|---|---|---|---|---|
| INR USD - Forward exchange contracts | **1,41,984** | **904** | **60** | **87.25** | **844** |
| INR JPY - Forward exchange contracts | **19,731** | **-** | **(5,756)** | **0.83** | **5,756** |
| INR USD - Currency Swaps | **4,88,572** | **19,415** | **264** | **80.11** | **19,151** |

**As at March 31, 2022** (₹ in lakh)

| Particulars | Notional amount | Carrying amount of hedging instruments assets | Carrying amount of hedging instruments liabilities | Weighted average contract / strike price of the hedging instrument | Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness profit / (loss) |
|---|---|---|---|---|---|
| INR USD - Forward exchange contracts | 1,92,105 | 59 | 4,578 | 79.96 | (4,519) |
| INR JPY - Forward exchange contracts | 1,09,561 | - | 20,650 | 0.76 | (20,650) |
| INR USD - Cross Currency Swaps | 1,05,728 | 2,563 | 298 | 72.76 | 2,265 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Hedged item**

**As at March 31, 2023** (₹ in lakh)

| Particulars | Change in the value of hedged item used as the basis for recognising hedge ineffectiveness | Cash flow hedge reserve as at | Cost of hedging as at | Foreign Currency Monetary Items Translation Reserve |
|---|---|---|---|---|
| FCY Term Loans | **(17,318)** | **(3,639)** | **-** | **-** |

**As at March 31, 2022** (₹ in lakh)

| Particulars | Change in the value of hedged item used as the basis for recognising edge ineffectiveness | Cash flow hedge reserve as at | Cost of hedging as at | Foreign Currency Monetary Items Translation Reserve |
|---|---|---|---|---|
| FCY Term Loans | (3,356) | (35,194) | - | - |

**5.2 The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income**

(₹ in lakh)

| 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, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| Forward exchange contracts and currency swaps | **31,554** | (12,653) | - | - |

**5.3 Movements in the cash flow hedge reserve are as follows:**

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Opening Balance | **1,502** | (2,420) |
| Effective portion of changes in fair value Currency Swap | **17,093** | 2,184 |
| Effective portion of changes in fair value Interest rate risk | **2,119** | 3,620 |
| Effective portion of changes in fair value interest rate cap | **-** | 80 |
| Effective portion of changes in fair value foreign currency risk | **28,954** | (16,138) |
| Foreign currency translation differences on loan | **(14,164)** | 1,441 |
| Amortisation of forward premium | **(30,030)** | 14,096 |
| Provision for derivative current credit exposure | **67** | - |
| Tax on movements on reserves | **(1,027)** | (1,361) |
| Closing Balance | **4,514** | **1,502** |

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**5.4 Average interest rate**

- Interest rate swap: 7.31% to 8.26%
- Cross currency swap: 7.83% to 8.24%

The Group's risk management strategy and how it is applied to manage risk is explained in Note 45.

* Interest rate swaps have been taken in respect of the same contract for which forward contract have been entered, accordingly notional value of interest rate swap is not shown separately.

**Note 6: Receivables**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Trade receivables** | | |
| **At Amortised cost** | | |
| (a) Receivables considered good - Secured | **-** | 4 |
| (b) Receivables considered good - Unsecured | **7,361** | 3,115 |
| (c) Receivables which have significant increase in credit risk | **88** | 131 |
| (d) Receivables - credit impaired | **1,560** | 74 |
| | **9,009** | **3,324** |
| Impairment loss allowance | **(1,648)** | (91) |
| **Total** | **7,361** | **3,233** |
| **Other receivables** | | |
| **At Amortised cost** | | |
| (a) Receivables considered good - Unsecured | **49** | 32 |
| | **49** | **32** |
| Impairment loss allowance | **(10)** | (10) |
| | **39** | **22** |
| **Total** | **7,400** | **3,255** |

Trade receivables include amounts due from the related parties ₹ 241 lakh (March 31, 2022: ₹ 274 lakh)

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakh)

| Particulars | As at March 31, 2023 | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | Un-billed Dues | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables - considered good | 45 | - | 7,299 | 17 | - | - | - | 7,361 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | 36 | 7 | 10 | 35 | 88 |
| (iii) Undisputed Trade Receivables - credit impaired | - | - | - | 1,487 | 6 | 1 | 66 | 1,560 |
| (iv) Disputed Trade Receivables - considered good | - | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - | - |
| **Total** | **45** | **-** | **7,299** | **1,540** | **13** | **11** | **101** | **9,009** |

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

(₹ in lakh)

| Particulars | As at March 31, 2022 | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | Un-billed Dues | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | 2 | - | 3,101 | 16 | - | - | - | 3,119 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | 57 | 11 | 63 | 131 |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | 7 | - | - | 1 | 66 | 74 |
| (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** | **-** | **3,108** | **16** | **57** | **12** | **129** | **3,324** |

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note 7: Loans**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(A)** | | |
| **(i) At Amortised Cost** | | |
| - Bills purchased and bills discounted | **1,70,657** | 2,37,005 |
| - Term loans | **1,10,86,859** | 85,88,842 |
| - Credit substitutes (refer note (i) below) | **3,94,717** | 3,01,972 |
| - Finance lease and hire purchase | **2,25,380** | 1,61,039 |
| - Factoring | **65,244** | - |
| - Retained portion of assigned loans | **1,733** | 2,422 |
| **Subtotal (i)** | **1,19,44,590** | **92,91,280** |
| **(ii) At Fair Value Through Other Comprehensive Income** | | |
| - Term loans | **69,326** | 36,777 |
| **Subtotal (ii)** | **69,326** | **36,777** |
| **(iii) At Fair Value Through Profit and Loss** | | |
| - Credit substitutes | **2,511** | 2,519 |
| **Subtotal (iii)** | **2,511** | **2,519** |
| **Subtotal (i)+(ii)+(iii)** | **1,20,16,427** | **93,30,576** |
| **(B)** | | |
| **Less : Impairment loss allowance** | | |
| - Stage I & II | **1,60,572** | 1,72,055 |
| - Stage III | **1,58,753** | 1,26,234 |
| **Subtotal (i)** | **3,19,325** | 2,98,289 |
| **Loans net of impairment loss allowance** | **1,16,97,102** | 90,32,287 |
| - Unamortised loan sourcing fees | **(54,412)** | (39,983) |
| - Unamortised loan sourcing costs | **32,923** | 18,749 |
| **Subtotal (i)** | **(21,489)** | **(21,234)** |
| **Total** | **1,16,75,613** | **90,11,053** |
| **(C)** | | |
| - Secured by tangible assets | **90,79,175** | 73,71,274 |
| - Secured by intangible assets | **1,11,734** | - |
| - Unsecured | **28,25,518** | 19,59,302 |
| - Unamortised loan sourcing fees | **(54,412)** | (39,983) |
| - Unamortised loan sourcing costs | **32,923** | 18,749 |
| **Subtotal (i)** | **1,19,94,938** | **93,09,342** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(D)** | | |
| **(i) Loans in India** | | |
| - Public Sector | **44,203** | 15,566 |
| - Others | **1,19,72,224** | 93,15,010 |
| **Subtotal (i)** | **1,20,16,427** | **93,30,576** |
| **(ii) Loans outside India** | | |
| - Public Sector | **-** | - |
| - Others | **-** | - |
| **Subtotal (ii)** | **-** | **-** |

(i) Investments in bonds, debentures and other financial instruments which, in substance, form a part of the Group's financing activities ("Credit Substitutes") have been classified under Loans . In the past these were classified as a part of Investments. Management believes that the classification results in a better presentation of the substance of these investments and is in alignment with regulatory filings.

(ii) Impairment loss allowance of ₹ 88 lakh (March 31, 2022 : ₹ Nil lakh) has been provided on loans designated as fair value through other comprehensive income.

(iii) Loans given to related parties as on March 31, 2023 ₹ 1,65,750 lakh (as on March 31, 2022 : ₹ 1,08,448 lakh).

(iv) The details of Gross investments and unearned finance income in respect of assets given under finance lease are as under:

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Gross Investments:** | | |
| - Within one year | **80,723** | 73,682 |
| - Later than one year and not later than five years | **1,33,594** | 89,795 |
| - Later than five years | **800** | 697 |
| **Total** | **2,15,117** | **1,64,174** |
| **Unearned Finance Income:** | | |
| - Within one year | **17,255** | 22,084 |
| - Later than one year and not later than five years | **16,126** | 3,754 |
| - Later than five years | **79** | 16 |
| **Total** | **33,460** | **25,854** |
| **Present Value of Rentals*:** | | |
| - Within one year | **63,468** | 51,598 |
| - Later than one year and not later than five years | **1,17,468** | 86,041 |
| - Later than five years | **721** | 682 |
| **Total** | **1,81,657** | **1,38,321** |

* Present Value of Rentals represent the Current Future Outstanding Principal

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 8: Investments

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(A)** | | |
| **(i) At Amortised Cost** | | |
| - Debt securities | **3,98,979** | 2,35,056 |
| **Subtotal (i)** | **3,98,979** | **2,35,056** |
| **(ii) At Fair Value** | | |
| **(a) Through Other Comprehensive Income:** | | |
| - Fully paid equity shares (unquoted) | **2,82,439** | - |
| - Debt securities | **22,438** | 16,152 |
| **Subtotal (i)** | **3,04,877** | **16,152** |
| **(b) Through Profit and Loss:** | | |
| - Mutual and other funds (quoted) | **4,58,830** | 3,06,096 |
| - Fully paid equity shares (quoted) | **21,969** | 58,882 |
| - Fully paid equity shares (unquoted) | **35,552** | 28,121 |
| - Preference share / preferred stock | **11,500** | 1,392 |
| - Security receipts | **-** | 17 |
| - Venture capital fund | **24,100** | 22,443 |
| - Alternate investment fund | **2,976** | 2,806 |
| - Multi asset fund | **5,077** | 4,850 |
| - Structured product | **2,037** | 2,193 |
| **Subtotal (ii)** | **5,62,041** | **4,26,800** |
| **Total (A) = (i)+(ii)** | **12,65,897** | **6,78,008** |
| **(B)** | | |
| (i) Investments in India | **12,08,822** | 6,26,240 |
| (ii) Investments outside India | **57,075** | 51,768 |
| **Total (B) = (i)+(ii)** | **12,65,897** | **6,78,008** |

### Note 8a: Script-wise details of Investments

| Particulars | | Face value Per Unit (in ₹) | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| **(A)** | **Investment in Debentures** | | | | | |
| (a) | **Quoted** | | | | | |
| (i) | **Carried at amortised cost** | | | | | |
| | 5.75% Tata Motors Limited Bond | - | **30,000** | **2,583** | 30,000 | 2,407 |
| | 5.95% Tata Steel Bond | - | **10,000** | **840** | 10,000 | 779 |
| | 4.63% BPCL - Indian Cash Bond | - | **-** | **-** | 20,000 | 1,553 |
| | | | | **3,423** | | **4,739** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | | Face value Per Unit (in ₹) | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| (ii) | **Carried at fair value through other comprehensive income** | | | | | |
| | 5.95% Tata Steel Bond | - | **20,000** | **1,652** | 20,000 | 1,594 |
| | 5.45% Tata Steel Bond | - | **40,000** | **3,221** | 40,000 | 3,145 |
| | 5.38% ICICI Bank | - | **20,000** | **1,197** | 20,000 | 1,135 |
| | 4.50% Jaguar Land Rover Bond | - | **70,000** | **5,979** | 50,000 | 3,463 |
| | 5.50% Jaguar Land Rover Bond | - | **40,000** | **1,639** | 25,000 | 1,695 |
| | 5.88% Jaguar Land Rover Bond | - | **15,000** | **1,060** | 15,000 | 1,048 |
| | 3.70% HDFC Bank | - | **10,000** | **1,386** | 20,000 | 1,407 |
| | 5.25% UPLLIN Bond | - | **10,000** | **624** | 10,000 | 714 |
| | 5.95% Periama Holdings | - | **20,000** | **1,607** | 20,000 | 1,578 |
| | 5.00% Fairfax India Holdings | - | **5,000** | **357** | 5,000 | 373 |
| | 4.10% Axis Bank | - | **5,000** | **691** | - | - |
| | 6.88% Jaguar Land Rover Bond | - | **25,000** | **2,193** | - | - |
| | 7.75% Jaguar Land Rover Bond | - | **10,000** | **832** | - | - |
| | | | | **22,438** | | **16,152** |
| **(B)** | **Investment in Government Securities** | | | | | |
| (i) | **Carried at amortised cost** | | | | | |
| (a) | **Quoted** | | | | | |
| | 8.20% GOI 2025 | 100 | **3,00,00,000** | **31,659** | 3,00,00,000 | 32,308 |
| | 6.18% GOI 2024 | 100 | **20,00,000** | **2,083** | 20,00,000 | 2,104 |
| | 8.15% GOI 2026 | 100 | **1,12,00,000** | **12,274** | 1,12,00,000 | 12,481 |
| | 7.17% GOI 2028 | 100 | **1,70,00,000** | **12,659** | 1,70,00,000 | 12,757 |
| | 8.97% GOI 2030 | 100 | **42,00,000** | **4,915** | 42,00,000 | 4,992 |
| | 7.61% GOI 2030 | 100 | **30,00,000** | **3,275** | 30,00,000 | 3,301 |
| | 6.79% GOI 2029 | 100 | **20,00,000** | **2,075** | 20,00,000 | 2,084 |
| | 8.24% GOI 2033 | 100 | **44,00,000** | **5,045** | 44,00,000 | 5,091 |
| | 7.35% GOI 2024 | 100 | **2,00,00,000** | **20,946** | 2,00,00,000 | 21,389 |
| | 6.68% GS 2031 | 100 | **74,000** | **71** | - | - |
| | 6.68% GOI 2031 | 100 | **93,100** | **89** | - | - |
| | 6.54% GOI 2032 | 100 | **2,80,00,000** | **27,158** | - | - |
| | 7.26% GOI 2032 | 100 | **25,00,000** | **2,509** | - | - |
| | 8.35% GOI 2022 | 100 | **-** | **-** | 4,90,00,000 | 50,814 |
| | 6.84% GOI 2022 | 100 | **-** | **-** | 2,00,00,000 | 20,788 |
| | | | | **1,24,758** | | **1,68,109** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | | Face value Per Unit (in ₹) | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| **(C)** | **Investment in State Development Loan** | | | | | |
| (i) | **Carried at amortised cost** | | | | | |
| (a) | **Quoted** | | | | | |
| | 7.82% GJ 2032 | 100 | **45,00,000** | **4,656** | - | - |
| | 8.18% TN 2028 | 100 | **50,00,000** | **5,227** | - | - |
| | 8.17% GJ 2028 | 100 | **25,00,000** | **2,611** | - | - |
| | 6.45% MH 2027 | 100 | **25,00,000** | **2,472** | - | - |
| | 7.33% MH SDL 13 Sep 2027 | 100 | **25,00,000** | **2,498** | - | - |
| | 7.70% MH SDL 2030 | 100 | **80,00,000** | **8,281** | - | - |
| | 7.79% TN SGS 2032 | 100 | **90,00,000** | **9,368** | - | - |
| | 7.78% MH SDL 27 Oct 2030 | 100 | **5,00,000** | **519** | - | - |
| | 7.86% MH SDL 08 June 2030 | 100 | **6,00,000** | **620** | - | - |
| | 7.70% MH SDL 19 Oct 2030 | 100 | **2,50,000** | **259** | - | - |
| | 7.57% GJ SGS 2026 | 100 | **50,00,000** | **5,162** | - | - |
| | 7.68% KA SDL 2031 | 100 | **1,00,00,000** | **10,312** | - | - |
| | 7.70% MH 2030 | 100 | **50,00,000** | **5,226** | - | - |
| | 7.68% KA SDL 2034 | 100 | **81,73,200** | **8,378** | - | - |
| | 7.80% TN 2032 | 100 | **25,00,000** | **2,574** | - | - |
| | 7.75% TN 2032 | 100 | **25,00,000** | **2,558** | - | - |
| | 7.80% GJ 2032 | 100 | **15,00,000** | **1,547** | - | - |
| | 6.54% GS 2032 | 100 | **2,00,00,000** | **19,248** | - | - |
| | 7.50% GS 2034 | 100 | **1,00,00,000** | **10,208** | - | - |
| | 7.77% GJ SDL 2032 | 100 | **80,00,000** | **8,230** | - | - |
| | 7.57% GJ SGS 2032 | 100 | **60,00,000** | **6,103** | - | - |
| | 7.60% GJ SGS 2032 | 100 | **1,00,00,000** | **10,122** | - | - |
| | 7.70% MH 2032 | 100 | **65,00,000** | **6,731** | - | - |
| | 7.64% MH 2033 | 100 | **1,05,00,000** | **10,695** | - | - |
| | 7.82% TN 2032 | 100 | **1,00,00,000** | **10,510** | - | - |
| | 6.58% Guj SDL 2027 | 100 | **40,00,000** | **3,872** | - | - |
| | 7.52% GJ SDL 2027 | 100 | **5,00,000** | **513** | - | - |
| | 7.20% MH SDL 2027 | 100 | **10,00,000** | **998** | - | - |
| | 7.61% TN SDL 2032 | 100 | **30,00,000** | **3,073** | - | - |
| | 7.68% KA SDL 2032 | 100 | **1,00,00,000** | **10,380** | - | - |
| | 7.75% TN SDL 2032 | 100 | **40,00,000** | **4,099** | - | - |
| | 7.62% TN SDL 2033 | 100 | **60,00,000** | **6,120** | - | - |
| | 7.68% KA SDL 2034 | 100 | **15,00,000** | **1,539** | - | - |
| | | | | **1,84,709** | | **-** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | | Face value Per Unit (in ₹) | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| **(D)** | **Investment in Treasury Bill** | | | | | |
| (i) | **Carried at amortised cost** | | | | | |
| (a) | **Quoted** | | | | | |
| | 182 DTB 06072023 | 100 | **25,00,000** | **2,457** | - | - |
| | 364 DTB 25052023 | 100 | **2,60,00,000** | **25,751** | - | - |
| | 364 DTB 06072023 | 100 | **5,00,000** | **491** | - | - |
| | 091 DTB 06042023 | 100 | **1,00,00,000** | **9,991** | - | - |
| | 364 DTB 08022024 | 100 | **1,05,00,000** | **9,905** | - | - |
| | 182 DTB 14092023 | 100 | **2,35,00,000** | **22,755** | - | - |
| | 182 DTB 22092023 | 100 | **65,00,000** | **6,285** | - | - |
| | 182 DTB 28042023 | 100 | **70,00,000** | **6,965** | - | - |
| | 182 DTB 11052023 | 100 | **15,00,000** | **1,489** | - | - |
| | 182DTB 28072022 | 100 | - | - | 1,55,00,000 | 15,295 |
| | 91 DTB 14042022 | 100 | - | - | 4,10,00,000 | 40,949 |
| | 364 DTB 05052022 | 100 | - | - | 15,00,000 | 1,495 |
| | 364 DTB 09062022 | 100 | - | - | 45,00,000 | 4,469 |
| | | | | **86,089** | | **62,208** |
| **(E)** | **Investment in Mutual Funds** | | | | | |
| (i) | **At fair value through profit and loss** | | | | | |
| (a) | **Quoted** | | | | | |
| | Kotak Liquid Regular Plan Growth | 1,000 | **3,32,254** | **15,009** | 4,67,496 | 20,004 |
| | HSBC Overnight Fund - Reg - Growth | 1,000 | **5,39,270** | **12,006** | 8,12,830 | 9,000 |
| | Invesco India Liquid Fund - Dir - Growth | 1,000 | **2,92,721** | **9,045** | 1,72,154 | 5,001 |
| | ABSL Money Manager Fund Gr-Direct | 100 | **1,10,88,858** | **35,062** | 33,45,316 | 10,000 |
| | Nippon India Money Market Fund - Direct Growth | 1,000 | **5,65,161** | **20,049** | 2,83,520 | 9,500 |
| | Kotak Money Market Fund - Direct Plan - Growth | 1,000 | **5,23,636** | **20,047** | 2,76,175 | 10,000 |
| | Tata Overnight Fund Regular Plan - Growth | 1,000 | **36,52,207** | **43,006** | 26,83,692 | 30,001 |
| | Tata Liquid Fund Regular Plan-Growth | 1,000 | **77,104** | **2,713** | 76,298 | 2,543 |
| | Tata Money Market Fund Direct Plan - Growth | 1,000 | **6,19,134** | **25,063** | 4,70,680 | 18,005 |
| | UTI-Liquid Cash Plan - Reg - Growth | 1,000 | **4,09,715** | **15,010** | - | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | Face value Per Unit (in ₹) | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| Aditya Birla Sun Life Liquid Fund - Reg - Growth | 1,000 | **85,85,344** | **31,172** | - | - |
| Kotak Mutual Fund direct Plan - Growth | 1,000 | **1,145** | **52** | - | - |
| Axis Liquid Fund - Direct Growth | 1,000 | **8,00,335** | **20,016** | - | - |
| HSBC Liquid Fund - Direct Growth | 1,000 | **2,23,329** | **5,007** | - | - |
| Kotak Liquid Fund-Direct-Growth | 1,000 | **9,90,958** | **45,073** | - | - |
| Mirae Asset Overnight Fund - Dir - Growth | 1,000 | **2,10,496** | **5,003** | - | - |
| ICICI Prudential Overnight Fund - Reg - Growth | 1,000 | **33,15,783** | **40,007** | - | - |
| Kotak Liquid Scheme - Reg - Growth | 1,000 | **4,43,005** | **20,012** | - | - |
| UTI Liquid Cash Plan - Reg - Growth | 1,000 | **4,09,715** | **15,010** | - | - |
| UTI Overnight Fund - Dir - Growth | 1,000 | **9,90,958** | **25,004** | - | - |
| Nippon India Liquid Fund - Direct Growth Plan | 1,000 | **2,72,555** | **15,009** | - | - |
| Sundaram Liquid Fund | 1,000 | **2,51,667** | **5,003** | - | - |
| Tata Liquid Fund direct Plan - Growth | 1,000 | **8,57,388** | **30,449** | - | - |
| HSBC Cash Fund - Growth | 1,000 | **2,24,696** | **5,003** | 2,37,364 | 5,001 |
| Nippon India Overnight Fund - Growth Plan | 100 | - | - | 1,93,42,362 | 22,002 |
| Tata Ultrashort term Fund - Dir - Growth | 10 | - | - | 8,39,87,066 | 10,000 |
| Tata Liquid Fund Regular Plan-Dividend | 1,000 | - | - | 3,163 | 32 |
| Aditya Birla Sun Life Overnight - Reg - Growth | 1,000 | - | - | 34,93,962 | 40,002 |
| UTI Overnight Fund - Reg - Growth | 1,000 | - | - | 5,54,911 | 16,001 |
| Axis Overnight Fund - Reg - Growth | 1,000 | - | - | 34,76,677 | 39,002 |
| Kotak Overnight Fund - Reg - Growth | 1,000 | - | - | 19,45,549 | 22,001 |
| Mirae Asset Overnight Fund - Reg - Growth | 1,000 | - | - | 16,56,210 | 18,000 |
| SBI Overnight Fund - Growth | 1,000 | - | - | 5,83,923 | 20,001 |
| | | | **4,58,830** | | **3,06,096** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | | Face value Per Unit (in ₹) | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| **(F)** | **Investment in Equity Shares** | | | | | |
| (i) | **At fair value through profit and loss** | | | | | |
| (a) | **Quoted** | | | | | |
| | Star Health & Allied Insurance Company Limited | 10 | **34,15,065** | **17,700** | 72,15,165 | 51,260 |
| | The Indian Hotels Company Limited | 1 | **19,600** | **64** | 19,600 | 47 |
| | Tata Steel Limited (fully paid) | 1 | **1,75,610** | **184** | 17,561 | 230 |
| | Hindustan Unilever Limited | 1 | **2,000** | **51** | 2,000 | 41 |
| | Shriram Properties Limited | 10 | **14,75,913** | **898** | 15,16,413 | 1,179 |
| | Jupiter Wagons Ltd. | 10 | **16,32,504** | **1,505** | 21,60,192 | 943 |
| | The New India Assurance Company Limited | 5 | **10,83,376** | **1,054** | 10,83,376 | 1,210 |
| | Bombay Stock Exchange Limited | 2 | **17,100** | **74** | 17,100 | 161 |
| | Jyoti Structurers Limited | 2 | **3,25,108** | **17** | - | - |
| | 3I Infotech Limited | 10 | **15,19,007** | **417** | 15,19,007 | 778 |
| | Consolidated Construction Consortium Limited | 2 | **4,16,472** | **5** | 4,16,472 | 9 |
| | IVRCL Limited | 2 | **15,94,857** | **-** | 15,94,857 | - |
| | Dishman Carbogen Amcis Limited | 2 | **300** | **-** | - | - |
| | Gol Offshore Limited | 10 | **6,44,609** | **-** | 6,44,609 | - |
| | Future Consumer Limited | 6 | **32,992** | **-** | 32,992 | 2 |
| | Diamond Power Infrastructure Limited | 10 | **16,31,881** | **-** | 16,31,881 | 25 |
| | Praj Industries Limited | 2 | **-** | **-** | 7,52,268 | 2,997 |
| | Sadbhav Engineering Limited | 1 | **1,68,240** | **-** | **-** | - |
| | | | | **21,969** | | **58,882** |
| **(b)** | **Unquoted** | | | | | |
| | Biocon Biologics India Limited | 10 | **88,30,456** | **20,610** | 88,30,456 | 23,660 |
| | International Asset Reconstruction Company Private Limited. | 10 | **1,39,46,295** | **4,615** | 1,39,46,295 | 4,461 |
| | Supermarket Grocery Supplies Private Limited | 1 | **6,33,235** | **10,327** | - | - |
| | Coastal Projects Limited | 10 | **59,62,855** | **-** | 59,62,855 | - |
| | Vaultize Technologies Private Limited | 1 | **84,568** | **-** | 84,568 | - |
| | Aricent Technologies Holdings Limited | 10 | **-** | **-** | 8 | - |
| | | | | **35,552** | | **28,121** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | | Face value Per Unit (in ₹) | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| (ii) | **At fair value through other comprehensive income** | | | | | |
| (a) | **Unquoted** | | | | | |
| | Tata Technologies Limited | 10 | **1,47,22,500** | **36,220** | - | - |
| | Tata Autocomp Systems Limited | 10 | **3,53,76,299** | **2,46,219** | - | - |
| | | | | **2,82,439** | | **-** |
| **(G)** | **Investment in Preference Shares** | | | | | |
| (i) | **At fair value through profit and loss** | | | | | |
| (a) | **Unquoted** | | | | | |
| | Vaultize Technologies Private Limited | 10 | **3,15,21,679** | **-** | 3,15,21,679 | - |
| | Cello World Private Limited | 10 | **17,40,393** | **11,500** | - | - |
| | | | | **11,500** | | **-** |
| **(H)** | **Investment in Preferred Stock** | | | | | |
| (i) | **At fair value through profit and loss** | | | | | |
| (a) | **Quoted** | | | | | |
| | Uber Technologies, Inc. | - | - | - | 51,664 | 1,392 |
| | | | | **-** | | **1,392** |
| (b) | **Unquoted** | | | | | |
| | WaterHealth International, Inc | USD 0.0001 | **30,90,871** | **-** | 30,90,871 | - |
| | Vanu Inc | - | **38,074** | **-** | 38,074 | - |
| | | | | **-** | | **-** |
| | **Total Investment in Preference shares** | | | **11,500** | | **1,392** |
| **(I)** | **Investment in Venture Capital Fund** | | | | | |
| (i) | **At fair value through profit and loss** | | | | | |
| (a) | **Unquoted** | | | | | |
| | Pitango Venture Capital Fund VI & VII, L.P. (“Pitango VI”) | - | - | **24,100** | - | 22,443 |
| | | | | **24,100** | | **22,443** |
| **(J)** | **Investment in Alternate Investment Funds** | | | | | |
| (i) | **At fair value through profit and loss** | | | | | |
| (a) | **Unquoted** | | | | | |
| | Tata Absolute Return Fund | 1,000 | **1,00,000** | **1,312** | 1,00,000 | 1,178 |
| | Tata Equity Plus Absolute Return Fund | 1,000 | **1,00,000** | **1,664** | 1,00,000 | 1,628 |
| | | | | **2,976** | | **2,806** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | | Face value Per Unit (in ₹) | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| **(K)** | **Investment in Multi Asset Fund** | | | | | |
| (i) | **At fair value through profit and loss** | | | | | |
| (a) | **Unquoted** | | | | | |
| | Apollon Sustainable Value fund | - | - | **5,077** | - | 4,850 |
| | | | | **5,077** | | **4,850** |
| **(L)** | **Investment in structured product** | | | | | |
| (i) | **At fair value through profit and loss** | | | | | |
| (a) | **Unquoted** | | | | | |
| | Julius Baer Long Leverage certificate | - | **200** | **2,037** | 200 | 2,193 |
| | | | | **2,037** | | **2,193** |
| **(M)** | **Investment in Security Receipts** | | | | | |
| | International Asset Reconstruction Private Limited | 1,000 | **15,921** | **-** | 1,04,135 | 17 |
| | | | | **-** | | **17** |
| | **Total Investments** | | | **12,65,897** | | **6,78,008** |

**Note 9: Other financial assets**

(₹ in lakh)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| **At Amortised cost** | | | | |
| Security deposits | | **3,299** | | 3,013 |
| Pass Through Certificate application money (refundable) | | **1,462** | | 10 |
| Income accrued but not due | | **5,827** | | 7,106 |
| Advances to employees | | **16** | | 2 |
| Receivable on sale/redemption of investment | **162** | | 176 | |
| Provision for receivable on sale/redemption of investment | **(162)** | **-** | (162) | 14 |
| Receivable under letter of credit/buyers credit facility | **22,485** | | 12,680 | |
| Provision for letter of credit/buyer's credit facility | **(129)** | **22,356** | (99) | 12,581 |
| Other receivables | | **3,546** | | 2,364 |
| **Total** | | **36,506** | | **25,090** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 10: Income Taxes

**(i) Current tax assets**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance tax and tax deducted at source (net of provision for tax ₹ 89,948 lakh (Previous year: ₹ 1,25,466 lakh) | **14,087** | 16,565 |
| **Total** | **14,087** | **16,565** |

**A. The income tax expense consist of the following:**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Current tax: | | |
| Current tax expense for the year | **1,08,455** | 66,138 |
| Current tax expense / (benefit) pertaining to prior years | **(1,416)** | (438) |
| | **1,07,039** | **65,700** |
| Deferred tax benefit | | |
| Origination and reversal of temporary differences | **(7,960)** | (11,009) |
| **Total income tax expense recognised in the year** | **99,079** | **54,691** |

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

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Profit / (Loss) before tax from continuing operations | **3,93,656** | 2,34,772 |
| Indian statutory income tax rate | **25.168%** | 25.168% |
| Expected income tax expense | **99,075** | 59,087 |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense: | | |
| Income exempt from tax | **(2,333)** | (618) |
| Recognition of previously unrecognised tax losses and unabsorbed depreciation | **(758)** | (111) |
| Non deductible expenses | **9,174** | 2,156 |
| Impact of unrecognised timing differences | **383** | - |
| Tax on income at different rates | **(4,656)** | (4,580) |
| Tax incentives | **(191)** | (368) |
| Tax pertaining to prior years | **(1,402)** | (213) |
| Current tax of prior years | **(44)** | - |
| Differences in tax rates in foreign jurisdictions | **(169)** | (662) |
| **Total income tax expense** | **99,079** | **54,691** |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**B Amounts recognised in Other Comprehensive Income**

(₹ in lakh)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense) / benefit | Net of tax | Before tax | Tax (expense) / benefit | Net of tax |
| **Items that will not be re-classified to profit or loss** | | | | | | |
| **Owners of the company** | | | | | | |
| Remeasurement of the defined benefit plans | **(1,233)** | **314** | **(919)** | (247) | 62 | (185) |
| Changes in fair values of investment in equities carried at FVTOCI | **222,995** | **(53,262)** | **169,733** | - | - | - |
| **Items that are or may be reclassified subsequently to profit or loss** | | | | | | |
| Debt instruments through Other Comprehensive Income | **(1,212)** | **211** | **(1,001)** | (1,068) | 182 | (886) |
| Fair value gain / (loss) on financial asset measured at FVTOCI | **(387)** | **101** | **(286)** | (1,056) | 327 | (729) |
| Net changes in fair values of time value of cash flow hedges (FVTOCI) | **4,039** | **(1,027)** | **3,012** | 5,283 | (1,361) | 3,922 |
| **Total Amounts recognised in OCI** | **224,202** | **(53,663)** | **170,539** | **2,912** | **(790)** | **2,122** |

**(ii) Deferred tax assets**

**The major components of deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:**

(₹ in lakh)

| Particulars | Opening Balance | Recognised / reversed through profit and loss | Recognised / reclassified from other comprehen-sive income | Recognised / reversed through Reserves | Closing Balance |
|---|---|---|---|---|---|
| **Deferred Tax Assets** | | | | | |
| (a) Impairment loss allowance - Stage III | **28,358** | **6,943** | **-** | **-** | **35,301** |
| (b) Impairment loss allowance - Stage I & II | **44,517** | **(2,288)** | **(10)** | **-** | **42,219** |
| (c) Employee benefits | **541** | **109** | **-** | **-** | **650** |
| (d) Deferred income | **9,201** | **3,282** | **(10)** | **-** | **12,473** |
| (e) Depreciation on property, plant & equipment | **7,936** | **572** | **-** | **-** | **8,508** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | Opening Balance | Recognised / reversed through profit and loss | Recognised / reclassified from other comprehen-sive income | Recognised / reversed through Reserves | Closing Balance |
|---|---|---|---|---|---|
| (f) Fair valuation of associates and fund investments | 559 | 1,862 | (4,308) | - | (1,887) |
| (g) Right to use asset | 552 | 66 | - | - | 618 |
| (h) Cash flow hedges | (527) | - | (1,027) | - | (1,554) |
| (i) Other deferred tax assets | 1,695 | (742) | 209 | 25 | 1,187 |
| **Deferred Tax Liabilities** | | | | | |
| (a) Debenture issue expenses | (1,010) | 120 | - | - | (890) |
| (b) Investments measured at fair value | (747) | 409 | (48,952) | - | (49,290) |
| (c) Loans measured at FVTOCI | (130) | - | 121 | - | (9) |
| (d) Deduction u/s 36(1)(viii) | (6,846) | (2,373) | - | - | (9,219) |
| **Net Deferred Tax Asset** | 84,099 | 7,960 | (53,977) | 25 | 38,107 |

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

(₹ in lakh)

| Particulars | Opening Balance | Recognised / reversed through profit and loss | Recognised / reclassified from other comprehesive income | Recognised / reversed through Reserves | Closing Balance |
|---|---|---|---|---|---|
| **Deferred Tax Assets** | | | | | |
| (a) Impairment loss allowance - Stage III | 29,612 | (1,254) | - | - | 28,358 |
| (b) Impairment loss allowance - Stage I & II | 33,864 | 10,653 | - | - | 44,517 |
| (c) Employee benefits | 525 | 16 | - | - | 541 |
| (d) Deferred income | 7,805 | 1,396 | - | - | 9,201 |
| (e) Depreciation on property, plant & equipment | 6,535 | 1,401 | - | - | 7,936 |
| (f) Fair valuation of associates and fund investments | 127 | 432 | - | - | 559 |
| (g) Right to use asset | 542 | 10 | - | - | 552 |
| (h) Cash flow hedges | 834 | - | (1,361) | - | (527) |
| (i) Other deferred tax assets | 1,503 | (2) | 182 | 12 | 1,695 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | Opening Balance | Recognised / reversed through profit and loss | Recognised / reclassified from other comprehesive income | Recognised / reversed through Reserves | Closing Balance |
|---|---|---|---|---|---|
| **Deferred Tax Liabilities** | | | | | |
| (a) Debenture issue expenses | (1,233) | 223 | - | - | (1,010) |
| (b) Investments measured at fair value | (524) | (223) | - | - | (747) |
| (c) Loans measured at FVTOCI | (424) | (33) | 327 | - | (130) |
| (d) Deduction u/s 36(1)(viii) | (5,236) | (1,610) | - | - | (6,846) |
| **Net Deferred Tax Asset** | **73,930** | **11,010** | **(852)** | **12** | **84,099** |

One of our subsidiary has not recognized net deferred tax assets as at March 31, 2023 on the following item, since it is not probable that the economic benefits will flow in future years against which such deferred tax assets can be realized.

(₹ in lakh)

| Particulars | As at March 31, 2023 | | | |
|---|---|---|---|---|
| | Closing balance | DTA @25.17% | Closing balance | DTA @27.82% |
| **Deferred Tax Asset (A)** | | | | |
| On business losses as per Income Tax* | **3,814** | **960** | **2,432** | **612** |
| On unabsorbed depreciation as per Income Tax | **651** | **164** | **463** | **117** |
| Provision for doubtful debts | **71** | **18** | **71** | **18** |
| Employee benefits - Leave encashment | **21** | **5** | **16** | **4** |
| On account of right to use asset | **4** | **1** | **-** | **-** |
| On account of depreciation on fixed assets | **-** | **-** | **93** | **23** |
| **Deferred Tax Liability (B)** | | | | |
| On account of depreciation on fixed assets | **(25)** | **(6)** | **-** | **-** |
| **Net Deferred Tax Asset (A-B)** | **4,536** | **1,142** | **3,075** | **774** |

* The Subsidiary business Losses as per Income Tax Act, 1961 of ₹ 1,117 lakh expiring in FY 2023-24, ₹ 37 lakh expiring in FY 2028-29, ₹ 1,277 lakh expiring in FY 2029-30 and ₹ 1,382 lakh expiring in FY 2030-31 (PY ₹ 1,117 lakh expiring in FY 2023-24, ₹ 37 lakh expiring in FY 2028-29 and ₹ 1,277 lakh expiring in FY 2029-30).

**(iii) Current tax liabilities**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for tax (net of advance tax ₹ 175,657 lakh (Previous year : ₹ 148,956 lakh) | **30,677** | 34,939 |
| **Total** | **30,677** | **34,939** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**(iv) Unrecognised temporary differences**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Temporary difference relating to investment in subsidiaries for which deferred tax liabilities have not been recognised | | |
| Undistributed reserves | **1,456,783** | 1,065,590 |

Note:
Subsidiaries of Tata Capital Limited's undistributed reserves which, if paid out as dividends, would be subject to tax in the hands of recipient. An assessable temporary difference exists, but no deferred tax liability has been recognized as Tata Capital Limited is able to control the timing of distribution from these subsidiaries. These subsidiaries are not expected to distribute the dividend out of these reserves in the foreseeable future. Also there are no plans to sell any of the subsidiaries in the foreseeable future and hence no deferred tax liability has been created on the basis of capital gains tax.

**Note 11: Investments accounted using equity method**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At Cost** | | |
| **(A)** | | |
| **Associate companies** | | |
| Fully paid equity shares (unquoted) | **34,168** | 93,850 |
| Preference shares (unquoted) | **37,752** | 24,406 |
| Less: Diminution in value of investments | **(12,413)** | (11,648) |
| | **59,507** | **106,608** |
| **(B)** | | |
| (i) Investments in India | **54,521** | 102,268 |
| (ii) Investments outside India | **4,986** | 4,340 |
| **Total (B) (i)+(ii)** | **59,507** | **106,608** |

**Note 11a: Script-wise details of Investments accounted using equity method**

| | Particulars | Face value Per Unit (in Rs.) | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| | **Unquoted** | | | | | |
| **(a)** | **Equity Shares** | | | | | |
| 1 | Tata Autocomp Systems Limited | 10 | **-** | **-** | 4,83,07,333 | 45,874 |
| 2 | Tata Technologies Limited | 10 | **-** | **-** | 18,73,253 | 10,682 |
| 3 | Tata Play Limited (formerly Tata Sky Limited) | 10 | **1,00,72,871** | **5,577** | 1,00,72,871 | 5,717 |
| 4 | Tata Projects Limited | 10 | **36,71,821** | **4,000** | 36,71,821 | 6,247 |
| 5 | Fincare Business Services Limited | 1 | **25,47,910** | **845** | 25,47,910 | 848 |
| 6 | Fincare Small Finance Bank | 10 | **2,38,980** | **142** | 2,38,980 | 150 |
| 7 | TVS Supply Chain Solutions Limited | 1 | **14,54,880** | **815** | 14,54,880 | 808 |
| 8 | Novalead Pharma Private Limited | 100 | **11,477** | **2,282** | 11,477 | 2,282 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | | Face value Per Unit (in Rs.) | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| 9 | Tema India Limited | 10 | **19,85,524** | **4,509** | 19,85,524 | 4,204 |
| 10 | Kapsons Industries Private Limited | 10 | **2,857** | **1** | 2,857 | 1 |
| 11 | Vortex Engineering Private Limited | 10 | **1,39,415** | **2,900** | 1,39,415 | 2,900 |
| 12 | Sea6 Energy Private Limited | 10 | **14,958** | **1,074** | 23,130 | 2,552 |
| 13 | Alef Mobitech Solutions Private Limited | 10 | **4,96,276** | **1,093** | 4,96,276 | 1,093 |
| 14 | Indusface Private Limited | 10 | **4,51,721** | **2,909** | 4,51,721 | 3,274 |
| 15 | Linux Laboratories Private Limited | 10 | **3,600** | **1,504** | 3,600 | 1,508 |
| 16 | Cnergyis Infotech India Pvt Ltd | 10 | **87,282** | **5,013** | 87,282 | 5,709 |
| 17 | Atulaya Healthcare Private Limited | 10 | **100** | **1** | 100 | 1 |
| 18 | Anderson Diagnostic Private Limited | 10 | **22,836** | **1,503** | - | - |
| | | | | **34,168** | | **93,850** |
| (b) | **Preference Shares** | | | | | |
| 1 | Lokmanaya Hospital Private Limited | 100 | **24,63,600** | **2,464** | 24,63,600 | 2,464 |
| 2 | Kapsons Industries Private Limited | 10 | **1,71,42,857** | **6,000** | 1,71,42,857 | 6,000 |
| 3 | Linux Laboratories Private Limited | 1,000 | **8,400** | **3,500** | 8,400 | 3,500 |
| 4 | Alef Mobitech Soluations Private Limited | 10 | **5,34,840** | **1,712** | 5,34,840 | 1,712 |
| 5 | Cnergyis Infotech India Pvt Ltd | 10 | **43,434** | **2,091** | 43,434 | 2,091 |
| 6 | Atulaya Healthcare Private Limited | 10 | **5,04,723** | **5,499** | 3,67,044 | 3,999 |
| 7 | Deeptek Inc. | USD 0.01 | **60,794** | **4,986** | 53,108 | 4,340 |
| 8 | Anderson Diagnostic Private Limited | 10 | **60,896** | **4,000** | - | - |
| 9 | Cellcure Cancer Centre Private Limited | 10 | **2,94,881** | **7,500** | - | - |
| 10 | Tema India Limited | 10 | **-** | **-** | 30,00,000 | 300 |
| | | | | **37,752** | | **24,406** |
| | **Sub-total** | | | **71,920** | | **118,256** |
| | Provision for diminution in value of investments | | | **(12,413)** | | (11,648) |
| | **Total** | | | **59,507** | | **106,608** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 12: Property, plant, equipment, Investment property and Intangible Assets

(₹ in lakh)

| Particulars | Gross Block | | | | | Accumulated depreciation and amortisation | | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening balance as at April 1, 2022 | Additions/ Adjust-ments | Deletions | Written off | Closing balance as at March 31, 2023 | Opening balance as at April 1, 2022 | Depreciation/ Amortisation for the year* | Deletions/ Adjust-ments | Written off | Closing balance as at March 31, 2023 | As at March 31, 2023 |
| **TANGIBLE ASSETS** | | | | | | | | | | | |
| Buildings | **12,828** | **-** | **-** | **-** | **12,828** | **3,227** | **635** | **-100** | **-** | **3,962** | **8,866** |
| | *12,828* | *-* | *-* | *-* | *12,828* | *2,575* | *652* | *-* | *-* | *3,227* | *9,601* |
| Leasehold Improvements | **3,689** | **1,940** | **54** | **-** | **5,575** | **2,193** | **552** | **43** | **-** | **2,702** | **2,873** |
| | *3,150* | *579* | *40* | *-* | *3,689* | *1,837* | *380* | *24* | *-* | *2,193* | *1,496* |
| Furniture & Fixtures | **1,695** | **778** | **396** | **-** | **2,077** | **1,140** | **414** | **390** | **-** | **1,164** | **913** |
| | *1,488* | *251* | *27* | *17* | *1,695* | *892* | *273* | *25* | *-* | *1,140* | *555* |
| Computer Equipment | **8,345** | **3,481** | **1,611** | **1** | **10,214** | **5,619** | **1,691** | **1,611** | **-** | **5,699** | **4,515** |
| | *6,196* | *2,151* | *2* | *-* | *8,345* | *4,345* | *1,275* | *1* | *-* | *5,619* | *2,726* |
| Office Equipment | **1,840** | **779** | **38** | **1** | **2,580** | **1,293** | **294** | **32** | **-** | **1,555** | **1,025** |
| | *1,496* | *366* | *22* | *-* | *1,840* | *1,064* | *244* | *15* | *-* | *1,293* | *547* |
| Plant & Machinery | **595** | **309** | **100** | **-** | **804** | **334** | **71** | **96** | **-** | **309** | **495** |
| | *504* | *93* | *2* | *-* | *595* | *267* | *68* | *1* | *-* | *334* | *261* |
| Vehicles | **1,619** | **866** | **343** | **-** | **2,142** | **602** | **450** | **272** | **-** | **780** | **1,362** |
| | *1,087* | *822* | *280* | *10* | *1,619* | *461* | *317* | *176* | *-* | *602* | *1,017* |
| **ASSETS GIVEN UNDER OPERATING LEASE/ RENTAL** | | | | | | | | | | | |
| Construction Equipment | **8,568** | **2,050** | **1,623** | **-** | **8,995** | **6,870** | **948** | **1,481** | **-** | **6,337** | **2,658** |
| | *10,096* | *-* | *1,477* | *51* | *8,568* | *7,164* | *970* | *1,264* | *-* | *6,870* | *1,698* |
| Vehicles | **3,876** | **1,488** | **1,339** | **-** | **4,025** | **2,759** | **268** | **1,207** | **-** | **1,820** | **2,205** |
| | *3,990* | *-* | *114* | *-* | *3,876* | *2,526* | *320* | *87* | *-* | *2,759* | *1,117* |
| Plant & Machinery | **69,991** | **3,816** | **12,611** | **-** | **61,196** | **41,420** | **8,926** | **10,706** | **-** | **39,640** | **21,556** |
| | *78,873* | *1,311* | *10,193* | *-* | *69,991* | *40,103* | *10,356* | *9,039* | *-* | *41,420* | *28,571* |
| Computer Equipment | **22,741** | **-** | **11,225** | **52** | **11,464** | **16,221** | **2,641** | **9,356** | **-** | **9,506** | **1,958** |
| | *28,296* | *242* | *5,701* | *96* | *22,741* | *16,043* | *5,129* | *4,951* | *-* | *16,221* | *6,520* |
| Furniture & Fixtures | **389** | **-** | **324** | **-** | **65** | **316** | **35** | **289** | **-** | **62** | **3** |
| | *931* | *-* | *542* | *-* | *389* | *713* | *98* | *495* | *-* | *316* | *73* |

(₹ in lakh)

| Particulars | Gross Block | | | | | Accumulated depreciation and amortisation | | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening balance as at April 1, 2022 | Additions/ Adjust-ments | Deletions | Written off | Closing balance as at March 31, 2023 | Opening balance as at April 1, 2022 | Depreciation/ Amortisation for the year* | Deletions/ Adjust-ments | Written off | Closing balance as at March 31, 2023 | As at March 31, 2023 |
| Office Equipment's | **2,486** | **-** | **2,081** | **105** | **300** | **2,238** | **8** | **1,979** | **-** | **267** | **33** |
| | *2,754* | *-* | *147* | *121* | *2,486* | *1,953* | *529* | *244* | *-* | *2,238* | *248* |
| Railway Wagons | 15,010 | - | 12,139 | - | 2,871 | 13,404 | 159 | 10,760 | - | 2,803 | 68 |
| | *15,010* | *-* | *-* | *-* | *15,010* | *10,832* | *2,572* | *-* | *-* | *13,404* | *1,606* |
| Electrical Installation & Equipment's | 986 | - | 462 | - | 524 | 742 | 106 | 421 | - | 427 | 97 |
| | *2,077* | *-* | *1,091* | *-* | *986* | *1,426* | *185* | *869* | *-* | *742* | *244* |
| **TANGIBLE ASSETS - TOTAL** | **154,658** | **15,507** | **44,346** | **159** | **125,660** | **98,378** | **17,198** | **38,543** | **-** | **77,033** | **48,627** |
| | *168,776* | *5,815* | *19,638* | *295* | *154,658* | *92,201* | *23,368* | *17,191* | *-* | *98,378* | *56,280* |
| **INTANGIBLE ASSETS (other than internally generated)** | | | | | | | | | | | |
| Software | 6,123 | 1,749 | - | - | 7,872 | 3,609 | 1,008 | - | - | 4,617 | 3,255 |
| | *5,373* | *750* | *-* | *-* | *6,123* | *2,663* | *946* | *-* | *-* | *3,609* | *2,514* |
| **INTANGIBLE ASSETS - TOTAL** | **6,123** | **1,749** | **-** | **-** | **7,872** | **3,609** | **1,008** | **-** | **-** | **4,617** | **3,255** |
| | *5,373* | *750* | *-* | *-* | *6,123* | *2,663* | *946* | *-* | *-* | *3,609* | *2,514* |
| **Investment Property** | 2,605 | - | - | - | 2,605 | 589 | 128 | 100 | - | 617 | 1,987 |
| | *2,605* | *-* | *-* | *-* | *2,605* | *477* | *112* | *-* | *-* | *589* | *2,016* |
| **Total** | **163,386** | **17,256** | **44,346** | **159** | **136,137** | **102,576** | **18,334** | **38,643** | **-** | **82,267** | **53,869** |
| | *176,754* | *6,565* | *19,638* | *295* | *163,386* | *95,341* | *24,426* | *17,191* | *-* | *102,576* | *60,810* |

Note :

1. Figures in italics relate to March 31, 2022
2. Fair value of investment property as on March 31, 2023 : ₹ 6,999 lakh, The fair value of the investment properties has been determined by an external independent property valuer, having appropriate professional qualification and experience in the location and category of property being valued.
3. *Total depreciation charged for the year in the Statement of Profit and Loss includes depreciation on right to use assets amounting to ₹ 4,268 lakh (Previous year : ₹ 3,161 lakh)

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 12 *(i)* CAPITAL WORK IN PROGRESS

**As at March 31, 2023**

(₹ in lakh)

| 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 | 1,130 | - | - | - | 1,130 |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| **Total** | **1,130** | **-** | **-** | **-** | **1,130** |

**CWIP completion schedule**

(₹ in lakh)

| Particulars | To be completed in | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Projects in progress | 1,130 | - | - | - | 1,130 |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| **Total** | **1,130** | **-** | **-** | **-** | **1,130** |

**As at March 31, 2022**

(₹ in lakh)

| 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 | 377 | - | - | - | 377 |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| **Total** | **377** | **-** | **-** | **-** | **377** |

**CWIP completion schedule**

(₹ in lakh)

| Particulars | To be completed in | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Projects in progress | 377 | - | - | - | 377 |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| **Total** | **377** | **-** | **-** | **-** | **377** |

### Note 12 *(ii)* INTANGIBLE ASSETS UNDER DEVELOPMENT

**As at March 31, 2023**

(₹ in lakh)

| 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 | 508 | 163 | 201 | - | 872 |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| **Total** | **508** | **163** | **201** | **-** | **872** |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**CWIP completion schedule**

(₹ in lakh)

| Particulars | To be completed in | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Projects in progress | **872** | **-** | **-** | **-** | **872** |
| (ii) Projects temporarily suspended | **-** | **-** | **-** | **-** | **-** |
| **Total** | **872** | **-** | **-** | **-** | **872** |

**As at March 31, 2022**

(₹ in lakh)

| 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 | 505 | 260 | 7 | - | 772 |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| **Total** | **505** | **260** | **7** | **-** | **772** |

**CWIP completion schedule**

(₹ in lakh)

| Particulars | To be completed in | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Projects in progress | 772 | - | - | - | 772 |
| (ii) Projects temporarily suspended | - | - | - | - | - |
| **Total** | **772** | **-** | **-** | **-** | **772** |

**Note 12** *(iii)* **The Group has given assets under non-cancellable operating leases. The total of future minimum lease payments that the group is committed to receive is:**

| Lease Payments | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Within one year | **12,549** | 19,466 |
| Later than one year and not later than five years | **20,070** | 22,720 |
| Later than five years | **1,062** | 2,194 |
| **Total** | **33,681** | **44,380** |

Accumulated Depreciation on lease assets is ₹ 60,863 lakh (Year ended March, 31, 2022 : ₹ 83,967 lakh).
Accumulated Impairment losses on the leased assets ₹ Nil (Year ended March, 31, 2022 ₹ Nil)

**Note 13 : Other non-financial assets**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At Amortised cost** | | |
| Capital advances | **2,523** | 100 |
| Prepaid expenses | **2,765** | 1,951 |
| Gratuity asset (net) | **161** | 933 |
| Balances with government authorities | **22,024** | 18,384 |
| Assets held-for-sale | **3,055** | 3,055 |
| Less : Provision for receivable on sale/redemption of investment | **(3,055)** | (3,055) |
| Rental income accrued | **45** | 196 |
| Other advances | **1,709** | 1,119 |
| **Total** | **29,227** | **22,683** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 14: Trade Payables

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

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At Amortised cost** | | |
| **Trade payables** | | |
| Accrued expenses | **49,003** | 50,493 |
| Payable to dealers/vendors | **64,320** | 43,393 |
| Payable to related parties | **7,118** | 7,444 |
| Due to others | **2,756** | 892 |
| **Total** | **1,23,197** | **1,02,222** |

Note - The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group. The amount of principal and interest outstanding during the year is given below **:**

**(ii) Total outstanding dues of micro enterprises and small enterprises**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | **695** | 198 |
| 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 | **-** | - |
| 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. | **-** | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year; | **8** | 5 |
| 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** | **703** | **203** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakh)

| Particulars | As at March 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) MSME | - | - | 703 | - | - | - | 703 |
| (ii) Others | 46,807 | 54,543 | 19,978 | 545 | 796 | 528 | 1,23,197 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - | - |
| **Total** | **46,807** | **54,543** | **20,681** | **545** | **796** | **528** | **1,23,900** |

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

(₹ in lakh)

| Particulars | As at March 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) MSME | - | - | 203 | - | - | - | 203 |
| (ii) Others | 47,977 | 35,217 | 17,413 | 846 | 179 | 590 | 1,02,222 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - | - |
| **Total** | **47,977** | **35,217** | **17,616** | **846** | **179** | **590** | **1,02,425** |

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

### Note 15: Debt securities

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(A)** | | |
| **At Amortised Cost** | | |
| **Secured** | | |
| - Privately Placed Non-Convertible Debentures (Refer note 15.1 and 15.6 below) | **36,83,329** | 24,78,603 |
| - Public issue of Non-Convertible Debentures (Refer note 15.2 and 15.7 below) | **3,25,600** | 5,61,177 |
| **Unsecured** | | |
| - Privately Placed Non-Convertible Debentures (Refer note 15.8 below) | **3,08,366** | 3,70,636 |
| - Commercial paper [Net of unamortised discount of ₹ 21,186 lakh (March 31, 2022 : ₹ 12,819 lakh)] | **8,20,263** | 6,58,724 |
| **Total** | **51,37,558** | **40,69,140** |
| **(B)** | | |
| (i) Debt securities in India | **51,37,558** | 40,69,140 |
| (ii) Debt securities outside India | **-** | - |
| **Total** | **51,37,558** | **40,69,140** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Note:

15.1- Privately Placed Non-Convertible Debentures are secured by pari passu charge on the specific immovable property, specified receivables arising out of loan, lease, hire purchase transactions and to the extent of shortfall in asset cover by a pari passu charge on the current assets of the Group.

Trade advances & bill discounting facility extended to borrower and sundry debtors and other current assets of the Group.

15.2- Public issue of Non-Convertible Debentures are secured by a pari passu charge on the specific immovable property, receivables against unsecured loans, bills discounted and trade advances and other current assets of the Group.

15.3- Discount on commercial paper varies between 6.56% to 8.10% (March 31, 2022 : 4.05 % to 5.25%) and are repayable at maturity ranging between 7 days and 12 months from the date of respective commercial paper.

15.4- Debt securities held by related parties as on March 31, 2023 is ₹ 73,598 lakh

15.5- No default has been made in repayment of debt securities for the year ended March 31, 2023 and March 31, 2022

15.6 Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2023

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCFSL NCD 'D' FY 2018-19 | 22-Oct-18 | 08-Apr-22 | **1,120** | - | 1,120 | 11,200 |
| TCFSL NCD 'D' FY 2018-19 Further issue Annual Compounding Premium | 23-Jan-19 | 08-Apr-22 | **485** | - | 485 | 4,850 |
| TCHFL NCD "C" FY 2018-19 | 07-Dec-18 | 13-Apr-22 | - | - | 993 | 9,930 |
| TCHFL C Series FY 18-19 Reissue | 09-Jan-19 | 13-Apr-22 | - | - | 700 | 7,000 |
| TCHFL NCD "C" FY 2018-19 reissuance 2 | 25-Apr-19 | 13-Apr-22 | - | - | 1,250 | 12,500 |
| TCFSL Market Linked 'A' 2018-19 Tranche-III | 27-Feb-19 | 14-Apr-22 | **137** | - | 137 | 1,370 |
| TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 1 | 12-Mar-19 | 14-Apr-22 | **159** | - | 159 | 1,590 |
| TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 2 | 26-Apr-19 | 14-Apr-22 | **100** | - | 100 | 1,000 |
| TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 3 | 07-Jun-19 | 14-Apr-22 | **175** | - | 175 | 1,750 |
| TCFSL Market Linked 'A' 2018-19 Tranche-III Reissuance 4 | 05-Feb-20 | 14-Apr-22 | **200** | - | 200 | 2,000 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemp-tion Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCFSL Market Linked NCD "A" Series 2018-19 Tranche III Reissuance 5 | 19-Aug-20 | 14-Apr-22 | **330** | - | 330 | 3,300 |
| TCFSL NCD "A" FY 2019-20 | 25-Apr-19 | 25-Apr-22 | **500** | - | 500 | 5,000 |
| TCFSL NCD 'J' FY 2019-20 | 30-Jan-20 | 29-Apr-22 | **2,000** | - | 2,000 | 20,000 |
| TCHFL NCD G FY 2012-13 | 18-May-12 | 18-May-22 | - | - | 100 | 1,000 |
| TCFSL NCD "I" FY 2018-19 | 03-Jan-19 | 10-Jun-22 | **400** | - | 400 | 4,000 |
| TCFSL NCD 'I' FY 2018-19 Reissuance no 1 | 27-Sep-19 | 10-Jun-22 | **100** | - | 100 | 1,000 |
| TCFSL NCD 'I' FY 2019-20 | 10-Dec-19 | 10-Jun-22 | **250** | - | 250 | 2,500 |
| TCCL NCD 'B' FY 2020-21 | 23-Jun-20 | 23-Jun-22 | - | - | 650 | 6,500 |
| TCHFL NCD "C" FY 2019-20 | 04-Jul-19 | 04-Jul-22 | - | - | 250 | 2,500 |
| TCFSL NCD 'B' FY 2019-20 | 14-May-19 | 06-Jul-22 | **210** | - | 210 | 2,100 |
| TCFSL NCD 'B' FY 2019-20 Reissuance 1 on Par Premium | 23-Feb-21 | 06-Jul-22 | **2,000** | - | 2,000 | 24,174 |
| TCHFL NCD "X" FY 2015-16 | 29-Jul-15 | 29-Jul-22 | - | - | 750 | 7,500 |
| TCFSL NCD 'AH' FY 2012-13 | 05-Sep-12 | 05-Sep-22 | **500** | - | 500 | 5,000 |
| TCFSL NCD 'D' FY 2020-21 | 17-Jun-20 | 23-Sep-22 | **1,500** | - | 1,500 | 15,000 |
| TCFSL NCD 'D' FY 2020-21 Premium Reissuance 1 | 27-Aug-20 | 23-Sep-22 | **4,000** | - | 4,000 | 40,000 |
| TCHFL NCD "G" FY 2019-20 Reissurance | 04-Sep-20 | 25-Oct-22 | - | - | 3,000 | 30,000 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemp-tion Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCHFL NCD "G" FY 2019-20 | 11-Dec-19 | 25-Oct-22 | - | - | 150 | 1,500 |
| TCFSL NCD 'H' FY 2020-21 | 01-Dec-20 | 01-Dec-22 | **4,000** | - | 4,000 | 40,000 |
| TCHFL NCD "E" FY 2020-21 - Option I | 03-Dec-20 | 02-Dec-22 | - | - | 1,000 | 10,000 |
| TCFSL Market Link NCD Tranche "B" FY 2018-19 | 20-Mar-19 | 05-Dec-22 | **2,500** | - | 2,500 | 25,000 |
| TCFSL Market Linked Tranchee 'B' 2018-19 Reissuance 1 | 20-Sep-19 | 05-Dec-22 | **50** | - | 50 | 500 |
| TCHFL NCD Q FY 2012-13 | 28-Dec-12 | 29-Dec-22 | - | - | 100 | 1,000 |
| TCHFL NCD "AP" FY 2015-16 - Option I | 12-Jan-16 | 12-Jan-23 | - | - | 150 | 1,500 |
| TCHFL NCD R FY 2012-13 | 18-Jan-13 | 18-Jan-23 | - | - | 150 | 1,500 |
| TCFSL NCD "P" FY 2017-18 | 22-Jan-18 | 20-Jan-23 | **480** | - | 480 | 4,800 |
| TCFSL NCD "P" FY 2017-18 Reissuance no 1 | 12-Feb-20 | 20-Jan-23 | **1,250** | - | 1,250 | 12,500 |
| TCCL MLD "A" FY 2019-20 | 31-May-19 | 30-Jan-23 | - | - | 729 | 729 |
| TCCL MLD "A" 2019-20 Reissuance 1 | 10-Jun-19 | 30-Jan-23 | - | - | 278 | 278 |
| TCCL MLD "A" 2019-20 Reissuance 2 | 19-Jun-19 | 30-Jan-23 | - | - | 321 | 321 |
| TCCL MLD "A" 2019-20 Reissuance 3 | 20-Sep-19 | 30-Jan-23 | - | - | 1,502 | 1,502 |
| TCCL MLD "A" 2019-20 Reissuance 4 | 03-Oct-19 | 30-Jan-23 | - | - | 1,054 | 1,054 |
| TCCL MLD "A" 2019-20 Reissuance 5 | 10-Dec-19 | 30-Jan-23 | - | - | 1,000 | 1,000 |
| TCCL MLD "A" 2019-20 Reissuance 6 | 23-Dec-19 | 30-Jan-23 | - | - | 1,300 | 1,300 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemp-tion Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCCL NCD 'D' FY 2019-20 | 17-Feb-20 | 17-Feb-23 | **-** | **-** | 2,000 | 20,000 |
| TCFSL NCD 'F' FY 2021-22 | 06-Sep-21 | 28-Feb-23 | **7,000** | **-** | 7,000 | 70,000 |
| TCHFL NCD U FY 2012-13 | 12-Mar-13 | 10-Mar-23 | **-** | **-** | 100 | 1,000 |
| TCFSL NCD 'J' FY 2020-21 | 17-Mar-21 | 17-Mar-23 | **3,000** | **-** | 3,000 | 30,000 |
| TCFSL NCD 'J' FY 2020-21 Premium Reissuance 1 | 24-Aug-21 | 17-Mar-23 | **3,000** | **-** | 3,000 | 30,000 |
| TCHFL NCD "F" FY 2021-22 | 20-Oct-21 | 29-Mar-23 | **-** | **-** | 3,000 | 30,000 |
| TCFSL NCD 'A' FY 2021-22 | 15-Apr-21 | 14-Apr-23 | **3,600** | **36,000** | 3,600 | 36,000 |
| TCFSL NCD "B" FY 2020-21 - Option I | 29-Apr-20 | 28-Apr-23 | **750** | **7,500** | 750 | 7,500 |
| TCHFL NCD "E" FY 2016-17 | 04-May-16 | 04-May-23 | **200** | **2,000** | 200 | 2,000 |
| TCFSL NCD 'A' FY 2020-21 | 21-Apr-20 | 19-May-23 | **9,250** | **92,500** | 9,250 | 92,500 |
| TCCL NCD "A" FY 2021-22 | 19-May-21 | 19-May-23 | **2,000** | **20,000** | 3,000 | 30,000 |
| TCHFL NCD "B" FY 2020-21 | 26-May-20 | 26-May-23 | **4,500** | **45,000** | 4,500 | 45,000 |
| 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** | 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** | 2,000 | 20,000 |
| TCCL MLD "A" 2020-21 | 20-Jul-20 | 20-Jul-23 | **7,500** | **7,500** | 7,500 | 7,500 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCHFL NCD "C" FY 2020-21 | 27-Jul-20 | 27-Jul-23 | **2,500** | **25,000** | 2,500 | 25,000 |
| TCFSL NCD 'G' FY 2020-21 | 28-Jul-20 | 28-Jul-23 | **1,250** | **12,500** | 1,250 | 12,500 |
| TCHFL NCD "A" FY 2020-21 | 12-May-20 | 11-Aug-23 | **5,000** | **50,000** | 5,000 | 50,000 |
| TCFSL NCD 'D' FY 2022-23 - Option I | 30-Jun-22 | 29-Sep-23 | **815** | **8,150** | - | - |
| TCHFL NCD "F" FY 2020-21 | 31-Dec-20 | 23-Nov-23 | **3,000** | **30,000** | 3,000 | 30,000 |
| TCHFL NCD "H" FY 2021-22 | 23-Nov-21 | 23-Nov-23 | **1,750** | **17,500** | 1,750 | 17,500 |
| TCFSL NCD 'I' FY 2020-21 | 31-Dec-20 | 30-Nov-23 | **10,000** | **1,00,000** | 10,000 | 1,00,000 |
| TCCL NCD 'C' FY 2020-21 | 31-Dec-20 | 30-Nov-23 | **2,000** | **20,000** | 2,000 | 20,000 |
| TCHFL NCD "E" FY 2020-21 - Option II | 03-Dec-20 | 01-Dec-23 | **3,000** | **30,000** | 3,000 | 30,000 |
| TCCL NCD 'B' FY 2018-19 | 18-Dec-18 | 18-Dec-23 | **600** | **6,000** | 1,200 | 12,000 |
| 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** | 1,000 | 10,000 |
| TCHFL NCD "AP" FY 2015-16 - Option II | 12-Jan-16 | 12-Jan-24 | **150** | **1,500** | 150 | 1,500 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemp-tion Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCHFL NCD "D" FY 2020-21 | 27-Oct-20 | 24-Jan-24 | **2,000** | **20,000** | 2,000 | 20,000 |
| TCHFL NCD "J" FY 2021-22 | 01-Feb-22 | 31-Jan-24 | **2,000** | **20,000** | 2,000 | 20,000 |
| TCHFL NCD "L" FY 2021-22 | 23-Feb-22 | 23-Feb-24 | **5,500** | **55,000** | 5,500 | 55,000 |
| TCHFL NCD "H" FY 2020-21 | 25-Mar-21 | 25-Mar-24 | **2,500** | **25,000** | 2,500 | 25,000 |
| TCFSL NCD 'K' FY 2020-21 | 30-Mar-21 | 29-Mar-24 | **4,250** | **42,500** | 4,250 | 42,500 |
| TCFSL NCD "A" FY 2022-23 - Option I | 29-Apr-22 | 29-Apr-24 | **1,750** | **17,500** | - | - |
| TCFSL NCD 'B' FY 2021-22 | 10-May-21 | 10-May-24 | **5,000** | **50,000** | 5,000 | 50,000 |
| TCHFL NCD "A" FY 2021-22 | 18-May-21 | 17-May-24 | **2,600** | **26,000** | 2,600 | 26,000 |
| TCFSL NCD "D" FY 2019-20 | 27-May-19 | 27-May-24 | **2,180** | **21,800** | 2,180 | 21,800 |
| TCFSL NCD "C" FY 2022-23 - Option II | 01-Jun-22 | 31-May-24 | **4,250** | **42,500** | - | - |
| TCCL NCD 'C' FY 2017-18 | 02-Jun-17 | 03-Jun-24 | **100** | **1,000** | 100 | 1,000 |
| 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 |
| TCCL MLD "A" FY 2022-23 | 12-Jul-22 | 25-Jun-24 | **2,296** | **22,960** | - | - |
| TCHFL NCD "C" Series FY 2022-23 | 06-Jul-22 | 05-Jul-24 | **1,600** | **16,000** | - | - |
| TCHFL NCD "D" FY 2021-22 | 20-Jul-21 | 19-Jul-24 | **1,850** | **18,500** | 1,850 | 18,500 |
| TCCL NCD "B" FY 2021-22 | 28-Jul-21 | 26-Jul-24 | **3,600** | **36,000** | 3,600 | 36,000 |
| TCFSL NCD 'D' FY 2021-22 | 02-Aug-21 | 02-Aug-24 | **2,000** | **20,000** | 2,000 | 20,000 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemp-tion Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCHFL NCD "E" FY 2021-22 | 15-Sep-21 | 13-Sep-24 | **5,000** | **50,000** | 5,000 | 50,000 |
| TCHFL NCD "C" FY 2021-22 | 23-Jun-21 | 23-Sep-24 | **1,350** | **13,500** | 1,350 | 13,500 |
| TCHFL NCD "C" FY 2021-22 - Reissue No. 1 | 08-Sep-21 | 23-Sep-24 | **2,000** | **20,000** | 2,000 | 20,000 |
| TCFSL NCD 'G' FY 2022-23 | 23-Aug-22 | 25-Sep-24 | **1,640** | **16,400** | - | - |
| TCFSL NCD 'E' FY 2021-22 | 06-Aug-21 | 04-Oct-24 | **7,000** | **70,000** | 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** | 4,000 | 40,000 |
| TCCL NCD "C" FY 2021-22 | 17-Nov-21 | 15-Nov-24 | **3,000** | **30,000** | 2,000 | 20,000 |
| TCFSL NCD AA FY 2014-15 | 20-Nov-14 | 20-Nov-24 | **950** | **9,500** | 950 | 9,500 |
| TCCL NCD 'C' FY 2019-20 | 05-Dec-19 | 05-Dec-24 | **250** | **2,500** | 250 | 2,500 |
| 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 |
| TCHFL NCD R FY 2014-15 | 09-Dec-14 | 09-Dec-24 | **2,000** | **20,000** | 2,000 | 20,000 |
| TCHFL NCD "I" FY 2021-22 | 17-Dec-21 | 17-Dec-24 | **1,500** | **15,000** | 1,500 | 15,000 |
| TCFSL NCD "E" FY 2019-20 Option - I | 04-Jun-19 | 15-Jan-25 | **300** | **3,000** | 300 | 3,000 |
| TCFSL NCD "E" FY 2019-20 Option - I Reissuance 1 | 26-Feb-20 | 15-Jan-25 | **350** | **3,500** | 350 | 3,500 |
| TCHFL NCD V FY 2014-15 | 23-Jan-15 | 23-Jan-25 | **1,500** | **15,000** | 1,500 | 15,000 |
| TCFSL NCD "K" FY 2022-23 - Option - I | 18-Nov-22 | 27-Mar-25 | **560** | **5,600** | - | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemp-tion Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCFSL NCD "B" FY 2020-21 - Option II | 29-Apr-20 | 29-Apr-25 | **400** | **4,000** | 400 | 4,000 |
| TCFSL NCD "B" FY 2022-23 | 10-May-22 | 09-May-25 | **2,000** | **20,000** | - | - |
| TCCL Market Linked NCD "B" FY 2022-23 | 30-Nov-22 | 30-May-25 | **500** | **5,000** | - | - |
| TCCL Market Linked "B" FY 2022-23 Reissuance 1 | 14-Dec-22 | 30-May-25 | **1,610** | **16,100** | - | - |
| TCHFL NCD"O" FY 2015-16 | 16-Jun-15 | 16-Jun-25 | **200** | **2,000** | 200 | 2,000 |
| TCCL NCD "A" FY 2022-23 | 21-Jun-22 | 20-Jun-25 | **500** | **5,000** | - | - |
| TCFSL NCD "D" FY 2022-23 - Option II | 30-Jun-22 | 25-Jul-25 | **2,500** | **25,000** | - | - |
| TCFSL NCD "D" FY 2022-23 - Option II Premium Reissuance 1 | 03-Aug-22 | 25-Jul-25 | **3,250** | **32,500** | - | - |
| TCFSL NCD "D" FY 2022-23 - Option II Premium Reissuance 2 | 23-Aug-22 | 25-Jul-25 | **2,250** | **22,500** | - | - |
| TCCL NCD "C" FY 2022-23 | 26-Dec-22 | 28-Jul-25 | **500** | **5,000** | - | - |
| TCHFL NCD D Series FY 2022-23 - Option - I | 05-Aug-22 | 05-Aug-25 | **2,920** | **29,200** | - | - |
| TCFSL Market Linked NCD "A" 2022-23 | 19-Sep-22 | 19-Aug-25 | **430** | **4,300** | - | - |
| TCHFL NCD "AE" FY 2015-16 | 31-Aug-15 | 29-Aug-25 | **200** | **2,000** | 200 | 2,000 |
| TCFSL NCD "E" FY 2022-23 Option - I | 26-Jul-22 | 10-Sep-25 | **1,500** | **15,000** | - | - |
| TCFSL NCD "E" FY 2022-23 - Option - I - Reissue No.1 | 04-Nov-22 | 10-Sep-25 | **1,110** | **11,100** | - | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemp-tion Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCHFL NCD "AG" FY 2015-16 | 08-Oct-15 | 08-Oct-25 | **75** | **750** | 75 | 750 |
| TCFSL NCD "I" FY 2022-23 | 13-Oct-22 | 13-Oct-25 | **350** | **3,500** | - | - |
| TCHFL NCD "G" Series FY 2022-23 - Option - I | 03-Nov-22 | 03-Nov-25 | **8,000** | **80,000** | - | - |
| TCHFL NCD "AM" FY 2015-16 - Option I | 06-Nov-15 | 06-Nov-25 | **350** | **3,500** | 350 | 3,500 |
| TCFSL NCD "K" FY 2022-23 Option II | 18-Nov-22 | 18-Nov-25 | **1,500** | **15,000** | - | - |
| TCFSL NCD "K" FY 2022-23 Option II Discount Reissuance 1 | 05-Dec-22 | 18-Nov-25 | **2,000** | **20,000** | - | - |
| TCFSL NCD "K" FY 2022-23 Option II Premium Reissuance 2 | 08-Dec-22 | 18-Nov-25 | **6,000** | **60,000** | - | - |
| TCFSL NCD "L" FY 2022-23 | 08-Dec-22 | 08-Dec-25 | **2,000** | **20,000** | - | - |
| TCHFL NCD "G" FY 2020-21 | 19-Jan-21 | 19-Jan-26 | **850** | **8,500** | 850 | 8,500 |
| TCFSL NCD 'P' FY 2022-23 STRPP I | 14-Mar-23 | 13-Mar-26 | **2,00,000** | **2,00,000** | - | - |
| TCCL NCD UNLISTED A Series FY 2022-23 | 23-Mar-23 | 23-Mar-26 | **37,500** | **37,500** | - | - |
| TCHFL NCD "AU" FY 2015-16 Option I | 30-Mar-16 | 30-Mar-26 | **150** | **1,500** | 150 | 1,500 |
| TCFSL NCD "M" FY 2022-23 Premium | 17-Jan-23 | 17-Apr-26 | **5,000** | **50,000** | - | - |
| TCHFL NCD "H" FY 2022-23 | 08-Feb-23 | 08-May-26 | **30,000** | **30,000** | - | - |
| TCFSL NCD "O" FY 2022-23 Option I | 21-Feb-23 | 21-May-26 | **1,300** | **13,000** | - | - |
| TCHFL NCD "B" FY 2021-22 | 15-Jun-21 | 15-Jun-26 | **1,700** | **17,000** | 1,700 | 17,000 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCHFL NCD "B" FY 2021-22 – Reissue No. 1 | 24-Jan-23 | 15-Jun-26 | **8,000** | **80,000** | - | - |
| TCHFL NCD "B" FY 2021-22 Reissue No.2 | 20-Feb-23 | 15-Jun-26 | **1,500** | **15,000** | - | - |
| TCHFL NCD "J" FY 2016-17 | 30-Jun-16 | 30-Jun-26 | **100** | **1,000** | 100 | 1,000 |
| TCFSL NCD 'P' FY 2022-23 STRPP II | 14-Mar-23 | 16-Mar-27 | **2,00,000** | **2,000** | - | - |
| TCHFL NCD "A" Series FY 2022-23 | 18-May-22 | 18-May-27 | **1,780** | **17,800** | - | - |
| TCHFL NCD "A" Series FY 2022-23 – Reissue No. 1 | 13-Jul-22 | 18-May-27 | **4,000** | **40,000** | - | - |
| TCFSL NCD "E" FY 2022-23 Option - II | 26-Jul-22 | 26-Jul-27 | **4,750** | **47,500** | - | - |
| TCFSL NCD "E" FY 2022-23 Option - II Premium Reissuance 1 | 23-Aug-22 | 26-Jul-27 | **2,500** | **25,000** | - | - |
| TCHFL NCD D Series FY 2022-23 - Option - II | 05-Aug-22 | 05-Aug-27 | **2,000** | **20,000** | - | - |
| TCFSL NCD "H" FY 2022-23 | 07-Sep-22 | 07-Sep-27 | **2,060** | **20,600** | - | - |
| TCCL NCD 'A' FY 2020-21 | 10-Jun-20 | 10-Sep-27 | **1,750** | **17,500** | 1,750 | 17,500 |
| TCFSL NCD "J" FY 2022-23 | 19-Oct-22 | 19-Oct-27 | **5,000** | **50,000** | - | - |
| TCFSL NCD "J" FY 2022-23 Premium Reissuance 1 | 08-Dec-22 | 19-Oct-27 | **2,500** | **25,000** | - | - |
| TCHFL NCD "G" Series FY 2022-23 - Option - II | 03-Nov-22 | 03-Nov-27 | **2,700** | **27,000** | - | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemp-tion Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCHFL NCD "G" Series FY 2022-23 - Option - II - Reissue No. 1 | 16-Nov-22 | 03-Nov-27 | **4,300** | **43,000** | - | - |
| TCHFL NCD UNLISTED "A" SERIES FY 2022-23 | 27-Dec-22 | 26-Dec-27 | **11,250** | **1,12,500** | - | - |
| TCFSL NCD "N" FY 2022-23 | 08-Feb-23 | 08-Feb-28 | **1,100** | **11,000** | - | - |
| TCFSL NCD "N" FY 2022-23 Discount Reissuance 1 | 21-Feb-23 | 08-Feb-28 | **1,520** | **15,200** | - | - |
| 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 |
| TCCL NCD 'A' FY 2019-20 | 15-Jul-19 | 13-Jul-29 | **1,400** | **14,000** | 1,400 | 14,000 |
| TCCL NCD 'B' FY 2019-20 | 16-Oct-19 | 16-Oct-29 | **600** | **6,000** | 600 | 6,000 |
| TCFSL NCD 'H' FY 2019-20 | 06-Nov-19 | 06-Nov-29 | **1,000** | **10,000** | 1,000 | 10,000 |
| TCHFL NCD "F" 2019-2020 | 18-Nov-19 | 16-Nov-29 | **10,000** | **1,00,000** | 10,000 | 1,00,000 |
| 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** | 950 | 9,500 |
| TCFSL NCD 'H' FY 2021-22 Discount Reissuance 1 | 03-Dec-21 | 29-Sep-31 | **2,190** | **21,900** | 2,190 | 21,900 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemp-tion Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCFSL NCD 'H' FY 2021-22 Discount Reissuance 2 | 16-Dec-21 | 29-Sep-31 | **500** | **5,000** | 500 | 5,000 |
| TCFSL NCD 'H' FY 2021-22 Discount Reissuance 3 | 29-Dec-21 | 29-Sep-31 | **850** | **8,500** | 850 | 8,500 |
| TCHFL NCD "F" Series FY 2022-23 - Reissue No. 1 | 29-Mar-23 | 17-Oct-31 | **5,000** | **50,000** | - | - |
| TCHFL NCD "F" Series FY 2022-23 | 19-Oct-22 | 19-Oct-31 | **10,000** | **1,00,000** | - | - |
| TCHFL NCD "G" FY 2021-22 | 09-Nov-21 | 07-Nov-31 | **3,030** | **30,300** | 3,030 | 30,300 |
| TCFSL NCD 'I' FY 2021-22 | 20-Jan-22 | 20-Jan-32 | **12,500** | **1,25,000** | 12,500 | 1,25,000 |
| TCHFL NCD "K" FY 2021-22 | 16-Feb-22 | 16-Feb-32 | **5,000** | **50,000** | 5,000 | 50,000 |
| TCFSL NCD "A" FY 2022-23 - Option II | 29-Apr-22 | 29-Apr-32 | **1,810** | **18,100** | - | - |
| TCFSL NCD "C" FY 2022-23 - Option I | 01-Jun-22 | 01-Jun-32 | **2,500** | **25,000** | - | - |
| TCHFL NCD "B" Series FY 2022-23 | 27-Jun-22 | 25-Jun-32 | **811** | **8,110** | - | - |
| TCHFL NCD "B" Series FY 2022-23 – Reissue No. 1 | 13-Jul-22 | 25-Jun-32 | **265** | **2,650** | - | - |
| TCHFL NCD B Series FY 2022-23 - Reissue No.2 | 26-Aug-22 | 25-Jun-32 | **400** | **4,000** | - | - |
| TCFSL NCD "F" FY 2022-23 | 12-Aug-22 | 12-Aug-32 | **1,875** | **18,750** | - | - |
| TCHFL NCD "E" Series FY 2022-23 | 13-Sep-22 | 13-Sep-32 | **7,220** | **72,200** | - | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemp-tion Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCFSL NCD "O" FY 2022-23 Option II | 21-Feb-23 | 21-Feb-33 | **810** | **8,100** | - | - |
| **Total** | | | | **35,81,870** | | **23,88,798** |
| Add : Interest accrued on borrowing | | | | **1,22,464** | | 1,01,006 |
| Add : Unamortised premium | | | | **1,037** | | 4,542 |
| **Total** | | | | **1,23,501** | | **1,05,548** |
| Less : Unamortised discount | | | | **(19,445)** | | (15,063) |
| Less : Unamortised borrowing cost | | | | **(2,597)** | | (680) |
| **Privately Placed Non-Convertible Debentures** | | | | **36,83,329** | | **24,78,603** |

Note : Coupon rate of above "NCDs" outstanding as on March 31, 2023 varies from 5.10% to 9.36% (March 31, 2022 : 4.67% to 9.85%)

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

15.7 Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2023:

| Description of NCDs | Issue Date | Redemp-tion Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| 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 |
| TCHFL NCD "Series I" FY 2019-20 | 14-Jan-20 | 14-Jan-23 | - | - | 2,99,345 | 2,993 |
| TCHFL NCD "Series I" FY 2019-20 | 14-Jan-20 | 14-Jan-23 | - | - | 1,42,24,535 | 1,42,245 |
| TCFSL NCD Series II (2019) | 27-Sep-18 | 27-Sep-23 | **7,68,789** | **7,688** | 7,68,789 | 7,688 |
| TCFSL NCD Series II (2019) | 27-Sep-18 | 27-Sep-23 | **1,45,70,710** | **1,45,707** | 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** | 9,77,140 | 9,772 |
| SERIES II TRANCHE II - CATEGORY III & IV. | 26-Aug-19 | 26-Aug-24 | **34,09,175** | **34,092** | 34,09,175 | 34,092 |
| TCHFL NCD "Series II" FY 2019-20 | 14-Jan-20 | 14-Jan-25 | **51,892** | **519** | 51,892 | 519 |
| TCHFL NCD "Series II" FY 2019-20 | 14-Jan-20 | 14-Jan-25 | **5,41,471** | **5,415** | 5,41,471 | 5,415 |
| TCHFL NCD "Series III" FY 2019-20 | 14-Jan-20 | 14-Jan-25 | **3,35,925** | **3,359** | 3,35,925 | 3,359 |
| TCHFL NCD "Series III" FY 2019-20 | 14-Jan-20 | 14-Jan-25 | **23,48,032** | **23,480** | 23,48,032 | 23,480 |
| SERIES III TRANCHE II - CATEGORY I & II. | 26-Aug-19 | 26-Aug-27 | **9,24,814** | **9,248** | 9,24,814 | 9,248 |
| SERIES III TRANCHE II - CATEGORY III & IV. | 26-Aug-19 | 26-Aug-27 | **60,03,935** | **60,039** | 60,03,935 | 60,039 |
| TCHFL NCD "Series IV" FY 2019-20 | 14-Jan-20 | 14-Jan-28 | **12,025** | **120** | 12,025 | 120 |
| TCHFL NCD "Series IV" FY 2019-20 | 14-Jan-20 | 14-Jan-28 | **3,82,776** | **3,828** | 3,82,776 | 3,828 |
| TCHFL NCD "Series V" FY 2019-20 | 14-Jan-20 | 14-Jan-28 | **1,17,900** | **1,179** | 1,17,900 | 1,179 |
| TCHFL NCD "Series V" FY 2019-20 | 14-Jan-20 | 14-Jan-28 | **9,05,697** | **9,057** | 9,05,697 | 9,057 |
| **Total (A)** | | | | **3,13,502** | | **5,43,628** |
| Add: Interest accrued on borrowing | | | | **13,438** | | 20,197 |
| Less: Unamortised borrowing cost | | | | **(1,340)** | | (2,648) |
| | | | | **3,25,600** | | **5,61,177** |

Note : Coupon rate of above outstanding as on March 31, 2023 varies from 7.92% to 8.90% (March 31, 2022 : 7.92% to 8.90%)

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

15.8 Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2023:

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCL Unsecured NCD B FY 2019-20 Option II Reissuance | 20-Feb-20 | 03-Jun-22 | **250** | **-** | 250 | 2,500 |
| TCL Unsecured NCD B FY 2019-20 Option II | 03-Dec-19 | 03-Jun-22 | **3,750** | **-** | 3,750 | 37,500 |
| TCL Unsecured NCD D FY 2019-20 | 20-Feb-20 | 21-Dec-22 | **3,000** | **-** | 3,000 | 30,000 |
| TCL Unsecured NCD C FY 2019-20 Option II | 07-Feb-20 | 13-Mar-23 | **1,250** | **-** | 1,250 | 12,500 |
| TCL Unsecured NCD C FY 2019-20 Option I | 07-Feb-20 | 28-Jun-23 | **1,250** | **12,500** | 1,250 | 12,500 |
| TCL Unsecured NCD A FY 2020-21 Option II | 04-Aug-20 | 04-Aug-23 | **3,000** | **30,000** | 3,000 | 30,000 |
| TCL Unsecured NCD B FY 2020-21 Option I | 25-Feb-21 | 28-Dec-23 | **3,000** | **30,000** | 3,000 | 30,000 |
| TCL Unsecured NCD A FY 2021-22 | 18-Jan-22 | 16-Feb-24 | **4,000** | **40,000** | 4,000 | 40,000 |
| TCL Unsecured NCD B FY 2020-21 Option II | 25-Feb-21 | 30-Apr-24 | **1,000** | **10,000** | 1,000 | 10,000 |
| TCL Unsecured NCD B FY 2020-21 Option II Reissuance | 22-Feb-22 | 30-Apr-24 | **3,000** | **30,000** | 3,000 | 30,000 |
| TCL Unsecured NCD B FY 2021-22 Option I | 22-Feb-22 | 28-Mar-25 | **3,000** | **30,000** | 3,000 | 30,000 |
| TCL Unsecured NCD A FY 2020-21 Option I | 04-Aug-20 | 04-Aug-25 | **2,050** | **20,500** | 2,050 | 20,500 |
| TCFSL Unsecured NCD Partly paid "A" FY 2018-19 | 19-Mar-19 | 17-Mar-34 | **5,900** | **59,000** | 5,900 | 47,200 |
| TCFSL Unsecured NCD Partly paid "A" FY 2019-20 | 23-Mar-20 | 17-Mar-35 | **5,000** | **40,000** | 5,000 | 30,000 |
| **Total (A)** | | | | **3,02,000** | | **3,62,700** |
| Add: Interest accrued on borrowing | | | | **6,364** | | 7,923 |
| Add : Unamortised Premium | | | | **78** | | 156 |
| Less: Unamortised borrowing cost | | | | **(76)** | | (143) |
| | | | | **3,08,366** | | **3,70,636** |

Note : Coupon rate of above outstanding as on March 31, 2023 varies from 6.49% to 8.93% (As on March 31,2022 : 6.49% to 9.22%)

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Note 16: Borrowings (other than debt securities)

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(A)** | | |
| **At Amortised Cost** | | |
| (a) Term loans | | |
| **Secured** | | |
| (i) From Banks (Refer note 16.1 and 16.2 below) | **33,13,784** | 23,85,844 |
| (ii) From National Housing Bank (Refer note 16.3) | **5,34,111** | 3,71,863 |
| (iii) From Others (Refer note 16.1) | **5,31,009** | 2,47,219 |
| (iv) External commercial borrowing (Refer note 16.4) | **6,69,134** | 4,34,796 |
| (b) Loan repayable on demand : | | |
| **Secured** | | |
| (i) From Banks | | |
| (a) Working capital demand loan (Refer note 16.5 below) | **3,55,109** | 3,44,223 |
| (b) Bank overdraft (Refer note 16.5 below) | **34** | 2 |
| (c) Cash credit (Refer note 16.5 below) | **-** | 45 |
| **Unsecured** | | |
| (i) From banks | | |
| (a) Working capital demand loan (Refer note 16.5 below) | **85,034** | 80,000 |
| (c) Other loans | | |
| **Unsecured** | | |
| (i) Inter corporate deposits from others (Refer note 16.6 below) | **5,198** | - |
| **Total** | **54,93,413** | **38,63,992** |
| **(B)** | | |
| (i) Borrowings (other than debt securities) in India | **48,24,279** | 34,29,196 |
| (ii) Borrowings (other than debt securities) outside India | **6,69,134** | 4,34,796 |
| **Total** | **54,93,413** | **38,63,992** |

16.1- Loans and advances from banks are secured by pari passu charge through Security Trustee by way of mortgage over Group's specific immovable property, specified receivables of the Group arising out of its business, other book debts and trade advances of the Group, Receivables from senior and junior pass through certificates in which the company has invested, such other currentassets as may be identified by the Group from time to time accepted by the security trustee and other long term and current investments.

16.2- Rate of interest payable on term loans varies between 4.24% to 8.99% (March 31, 2022 : 4.85% to 7.84%)

16.3- Loan from National Housing Bank is secured by way of hypothecation of book debt and guar antee / letter of comfort from Tata Capital Limited and is repayable in 14-60 (March 31, 2022: 04-61) quarterly installments. Rate of Interest payable on Term loan varies between 2.80% to 8.50% (March 31, 2022: 2.94% to 8.50%).

16.4- Rate of Interest payable on external commercial borrowing varies between 7.31% to 8.26% (as at March 31, 2022 : 6.90% to 8.62%).

16.5- Rate of Interest payable on Cash Credit / Over Draft & Working Capital Demand Loan varies between 6.15% to 8.30% (as at March 31, 2022 : 4.10% to 7.85%).

16.6- Rate of interest payable on Inter-corporate deposits varies between 5.20% to 7.20%.

16.7- No default has been made in repayment of any borrowings and/or interest for the year ended March 31, 2023 and March 31, 2022

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note 17: Subordinated liabilities**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(A)** | | |
| **At Amortised cost** | | |
| **Unsecured** | | |
| Non-Convertible Subordinated Debentures (Refer note 17.4 below) | **473,902** | 468,729 |
| Non-Convertible Perpetual Debentures (Refer note 17.5 below) | **121,703** | 109,108 |
| Cumulative Redeemable Preference Shares (Refer note 17.6 below) [Face Value ₹1,06,972 lakh (As at March 31, 2022 ₹ 1,10,992 lakh)] | **107,015** | 111,008 |
| **Total** | **702,620** | **688,845** |
| **(B)** | | |
| (i) Subordinated liabilities in India | **702,620** | 688,845 |
| (ii) Subordinated liabilities outside India | **-** | - |
| **Total** | **702,620** | **688,845** |

17.1- Of the above Subordinated Liabilities, Preference shares amounting to face value of ₹ 5,000 lakh are held by related parties.

17.2- Of the above Non-convertible perpetual debentures and Non-convertible subordinated amounting to face value of ₹ 23,342 lakh are subscribed by related parties.

17.3- No default has been made in repayment of subordinated liabilities for the year ended March 31, 2023 and March 31, 2022.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

17.4 Particulars of Subordinated unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2023

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCHFL Tier II Bond A FY-2012-13 | 10-May-12 | 10-May-22 | - | - | 10 | 100 |
| TCHFL Tier II Bond C FY-2012-13 | 30-May-12 | 30-May-22 | - | - | 300 | 3,000 |
| TCHFL Tier II Bond B FY-2012-13 | 30-May-12 | 30-May-22 | - | - | 3 | 30 |
| TCHFL Tier II Bond D FY-2012-13 | 22-Aug-12 | 22-Aug-22 | - | - | 330 | 3,300 |
| TCHFL Tier II Bond E FY-2012-13 | 28-Mar-13 | 28-Mar-23 | - | - | 150 | 1,500 |
| TCHFL Tier II Bond A FY-2013-14 | 15-Apr-13 | 15-Apr-23 | **250** | **2,500** | 250 | 2,500 |
| TCHFL Tier II Bond B FY-2013-14 | 23-Apr-13 | 23-Apr-23 | **21** | **210** | 21 | 210 |
| TCHFL Tier II Bond C FY 2013-14 | 20-May-13 | 19-May-23 | **10** | **100** | 10 | 100 |
| TCHFL Tier II Bond D FY 2013-14 | 10-Jan-14 | 10-Jan-24 | **77** | **770** | 77 | 770 |
| TCHFL Tier II Bond E FY 2013-14 | 18-Mar-14 | 18-Mar-24 | **4** | **40** | 4 | 40 |
| TCFSL Tier II Bond 'A' FY 2014-15 | 26-Sep-14 | 25-Sep-24 | **1,000** | **10,000** | 1,000 | 10,000 |
| TCHFL Tier II Bond A FY 2014-15 | 26-Sep-14 | 26-Sep-24 | **480** | **4,800** | 480 | 4,800 |
| 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 |
| TCHFL Tier-II Bond A FY 2015-16 | 28-Apr-15 | 28-Apr-25 | **400** | **4,000** | 400 | 4,000 |
| TCFSL Tier II Bond 'A' FY 2015-16 | 22-Jul-15 | 22-Jul-25 | **900** | **9,000** | 900 | 9,000 |
| TCHFL Tier II Bond B FY 2015-16 | 22-Jul-15 | 22-Jul-25 | **350** | **3,500** | 350 | 3,500 |
| TCHFL Tier II Bond C FY 2015-16 | 16-Sep-15 | 16-Sep-25 | **100** | **1,000** | 100 | 1,000 |
| TCHFL Tier II Bond D FY 2015-16 | 21-Sep-15 | 19-Sep-25 | **150** | **1,500** | 150 | 1,500 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCHFL Tier II Bond E FY 2015-16 | 04-Nov-15 | 04-Nov-25 | **300** | **3,000** | 300 | 3,000 |
| TCHFL Tier II Bond F FY 2015-16 | 15-Dec-15 | 15-Dec-25 | **250** | **2,500** | 250 | 2,500 |
| TCHFL Tier II Bond G FY 2015-16 | 17-Dec-15 | 17-Dec-25 | **250** | **2,500** | 250 | 2,500 |
| TCHFL Tier II Bond H FY 2015-16 | 15-Mar-16 | 13-Mar-26 | **200** | **2,000** | 200 | 2,000 |
| TCFSL Tier II Bond 'B' FY 2015-16 | 30-Mar-16 | 30-Mar-26 | **2,000** | **20,000** | 2,000 | 20,000 |
| TCHFL Tier II Bond A FY 2016-17 | 04-Aug-16 | 04-Aug-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 NCD Series III (2018) | 27-Sep-18 | 27-Sep-28 | **2,95,490** | **2,955** | 2,95,490 | 2,955 |
| TCFSL NCD Series III (2018) | 27-Sep-18 | 27-Sep-28 | **34,18,488** | **34,185** | 34,18,488 | 34,185 |
| TCFSL Tier-II Bond '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 |
| TCCL Tier II Bond "A" FY 2019-20 | 10-May-19 | 10-May-29 | **500** | **5,000** | 500 | 5,000 |
| TCCL Tier II Bond "A" FY 2019-20 Reissuance no 1 | 29-May-19 | 10-May-29 | **500** | **5,000** | 500 | 5,000 |
| TCCL Tier II Bond "A" FY 2019-20 Reissuance no 2 | 27-Jun-19 | 10-May-29 | **500** | **5,000** | 500 | 5,000 |
| SERIES IV TRANCHE II - CATEGORY I & II. | 26-Aug-19 | 26-Aug-29 | **46,500** | **465** | 46,500 | 465 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| SERIES IV TRANCHE II – CATEGORY III & IV. | 26-Aug-19 | 26-Aug-29 | **17,26,973** | **17,270** | 17,26,973 | 17,270 |
| TCFSL Tier-II Bond "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 |
| TCCL Tier II Bond "B" FY 2019-20 | 13-Nov-19 | 13-Nov-29 | **500** | **5,000** | 500 | 5,000 |
| TCCL Tier II Bond "B" FY 2019-20 Reissuance no 2 | 24-Feb-20 | 13-Nov-29 | **500** | **5,000** | 500 | 5,000 |
| TCCL Tier II Bond "B" FY 2019-20 Reissuance no 1 | 03-Feb-20 | 13-Nov-29 | **1,000** | **10,000** | 1,000 | 10,000 |
| TCHFL Tier II Bond Series VI FY-2019-20 | 14-Jan-20 | 14-Jan-30 | **7,80,402** | **7,804** | 7,80,402 | 7,804 |
| TCCL Tier II Bond "A" FY 2020-21 | 28-Jul-20 | 26-Jul-30 | **500** | **5,000** | 500 | 5,000 |
| TCCL Tier II Bond "A" FY 2020-21 Reissunace no 1 | 14-Oct-20 | 26-Jul-30 | **500** | **5,000** | 500 | 5,000 |
| TCCL Tier II Bond "A" FY 2020-21 Reissunace no 2 | 17-Dec-20 | 26-Jul-30 | **500** | **5,000** | 500 | 5,000 |
| 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 |
| TCHFL Tier II Bond A FY 2020-21 | 11-Jan-21 | 10-Jan-31 | **500** | **5,000** | 500 | 5,000 |
| TCHFL Tier II Bond A FY-2021-22 | 19-Apr-21 | 18-Apr-31 | **1,500** | **15,000** | 1,500 | 15,000 |
| TCFSL Tier-II Bond "A" FY 2021-22 | 28-Jun-21 | 27-Jun-31 | **1,500** | **15,000** | 1,500 | 15,000 |
| TCFSL Tier-II Bond "B" FY 2021-22 | 24-Nov-21 | 24-Nov-31 | **500** | **50,000** | 500 | 50,000 |
| TCHFL Tier II Bond B FY-2021-22 | 14-Mar-22 | 12-Mar-32 | **25** | **2,500** | 25 | 2,500 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCHFL Tier II Bond B FY-2021-22 - Reissue 1 | 28-Mar-22 | 12-Mar-32 | **146** | **14,600** | 146 | 14,600 |
| TCHFL Tier II Bond A FY-2022-23 | 19-Aug-22 | 19-Aug-32 | **129** | **12,900** | - | - |
| **Total** | | | | **4,56,049** | | **4,51,079** |
| Add: Interest accrued but not due | | | | **18,718** | | 18,538 |
| Add : Unamortised premium | | | | **370** | | 426 |
| Less : Unamortised borrowing cost | | | | **(1,126)** | | (1,191) |
| Less : Unamortised discount | | | | **(109)** | | (123) |
| **Total** | | | | **4,73,902** | | **4,68,729** |

Note: Coupon rate of above outstanding as on March 31, 2023 varies from 7.30% to 10.15% (as on March 31, 2022 from 7.30% to 10.15%).

17.5 Particulars of Perpetual unsecured non-convertible debentures (“NCDs”) outstanding as on March 31, 2023

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| 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 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|---|
| | | | Number of NCDs | ₹ in lakh | Number of NCDs | ₹ in lakh |
| TCFSL Perpetual 'D' FY 2017-18 | 26-Mar-18 | 26-Mar-28 | **1,000** | **10,000** | 1,000 | - |
| TCFSL Perpetual 'D' FY 2017-18 | 26-Mar-18 | 26-Mar-28 | **250** | **2,500** | 250 | - |
| 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** | 100 | 10,000 |
| **Total (A)** | | | | **118,655** | | **106,155** |
| Add: Interest accrued on borrowing | | | | **3,365** | | 3,344 |
| Less: Unamortised borrowing cost | | | | **(317)** | | (391) |
| | | | | **121,703** | | **109,108** |

Note: Coupon rate of above outstanding as on March 31, 2023 varies from 7.89% to 10.95% (March 31, 2022: 7.89% to 10.95%)

| Description of NCDs | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Funds Raised through Perpetual Debt Instruments | **10,000** | 17,500 |
| Amount outstanding at the end of year | **118,655** | 106,155 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

17.6 Particulars of Cumulative Redeemable Preference Shares outstanding as on March 31, 2023

(₹ in lakh)

| Particulars | Tranche | No of shares | Allotment Date | Redemption Date/ Actual Redemption Date | Early Redemption Date/ Actual Redemption Date | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|---|---|---|
| 7.50% Cumulative Redeemable Preference Shares of ₹ 1,000 each | T | 12,76,000 | March 10, 2017 | March 9, 2024 | March 9, 2024 | **12,760** | 12,760 |
| | U | 6,04,500 | July 7, 2017 | July 6, 2024 | July 6, 2024 | **6,045** | 6,045 |
| | V | 7,36,000 | July 12, 2017 | July 11, 2024 | July 11, 2024 | **7,360** | 7,360 |
| | W | 6,69,500 | July 26, 2017 | July 25, 2024 | July 25, 2024 | **6,695** | 6,695 |
| 7.33% Cumulative Redeemable Preference Shares of ₹ 1,000 each | X | 7,50,000 | July 28, 2017 | July 27, 2024 | July 27, 2024 | **7,500** | 7,500 |
| | Y | 6,59,500 | August 4, 2017 | August 3, 2024 | August 3, 2024 | **6,672** | 6,666 |
| 7.15% Cumulative Redeemable Preference Shares of ₹ 1,000 each | Z | 6,45,500 | September 15, 2017 | September 14, 2024 | September 14, 2024 | **6,455** | 6,455 |
| 7.10% Cumulative Redeemable Preference Shares of ₹ 1,000 each | AA | 5,83,700 | September 29, 2017 | September 28, 2024 | September 28, 2024 | **5,837** | 5,837 |
| | AB | 4,00,000 | April 20, 2018 | April 19, 2025 | September 30, 2022 | **2,810** | 4,001 |
| | AC | 4,00,000 | May 10, 2018 | May 9, 2025 | September 30, 2022 | **1,546** | 4,001 |
| | AD | 3,34,500 | June 15, 2018 | June 14, 2025 | September 30, 2022 | **2,970** | 3,346 |
| 7.75% Cumulative Redeemable Preference Shares of ₹ 1,000 each | AE | 4,00,000 | March 13, 2019 | March 12, 2026 | June 30, 2023 | **3,996** | 3,996 |
| 7.50% Cumulative Redeemable Preference Shares of ₹ 1,000 each | AF | 4,00,000 | June 12, 2019 | June 11, 2026 | September 30, 2023 | **3,992** | 3,992 |
| | AG | 4,00,000 | June 28, 2019 | June 27, 2026 | October 31, 2023 | **3,990** | 3,991 |
| | AH | 3,90,000 | August 7, 2019 | August 6, 2026 | November 30, 2023 | **3,900** | 3,896 |
| | AI | 4,00,000 | August 28, 2019 | August 27, 2026 | November 30, 2023 | **4,001** | 3,998 |
| | AJ | 4,00,000 | August 30, 2019 | August 29, 2026 | December 31, 2023 | **4,000** | 3,998 |
| | AK | 4,00,000 | September 4, 2019 | September 3, 2026 | January 31, 2024 | **3,997** | 3,992 |
| | AL | 4,00,000 | September 9, 2019 | September 8, 2026 | February 29, 2024 | **3,996** | 3,992 |
| | AM | 4,50,000 | September 18, 2019 | September 17, 2026 | March 31, 2024 | **4,498** | 4,496 |
| | AN | 4,00,000 | September 24, 2019 | September 23, 2026 | March 31, 2024 | **3,995** | 3,991 |
| **Total** | | | | | | **1,07,015** | **1,11,008** |

Note: Early Date of Redemption refers to the date on or before which the CRPS shall be redeemed, as per the terms of offer, in the event of exercise of Call / Put Option by Option Exercise Date by the Group or CRPS holder(s), as the case may be, to seek early redemption.

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Note 18: Other financial liabilities

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At Amortised cost** | | |
| Security deposits | **49,648** | 47,864 |
| Payable for capital expenditure | **5,433** | 5,075 |
| Advances from customers | **4,563** | 4,312 |
| Dividend payable on preference shares | **2** | 13 |
| Accrued employee benefit expense | **19,877** | 18,164 |
| Unclaimed matured debentures and accrued interest thereon | **206** | 137 |
| Payable under letter of credit/buyers credit facility | **22,485** | 12,680 |
| Amounts payable - assigned loans | **377** | 736 |
| Book overdraft | **92,689** | 37,706 |
| Other financial liabilities | **145** | 186 |
| **Total** | **195,425** | **126,873** |

## Note 19: Provisions

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At Amortised cost** | | |
| **(a) Provision for employee benefits** | | |
| Compensated absences | **2,841** | 2,418 |
| Long-term service award | **166** | 161 |
| Share based payments to employees | **86** | 86 |
| **(b) Others** | | |
| Provision for off balance sheet exposure | **6,853** | 4,637 |
| **Total** | **9,946** | **7,302** |

## Note 20: Other non-financial liabilities

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At Amortised cost** | | |
| Statutory dues | **12,348** | 10,424 |
| Revenue received in advance | **2,058** | 645 |
| Margin money received under Letter of credit/Buyer's credit | **982** | 1,499 |
| Other payables | **5,661** | 1,223 |
| **Total** | **21,049** | **13,791** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 21: Equity share capital

**(I) Share capital authorised, issued, subscribed and paid up**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | (₹ in lakh) | No. of Shares | (₹ in lakh) |
| **Authorised:** | | | | |
| Equity Shares of Rs 10 each | **4,75,00,00,000** | **4,75,000** | 4,75,00,00,000 | 4,75,000 |
| Preference shares of Rs 1000 each | **3,25,00,000** | **3,25,000** | 3,25,00,000 | 3,25,000 |
| | **4,78,25,00,000** | **8,00,000** | **4,78,25,00,000** | **8,00,000** |
| **Issued, Subscribed & Paid up:** | | | | |
| Equity shares of Rs 10 each fully paid | **3,56,01,19,841** | **3,56,012** | 3,51,61,67,744 | 3,51,617 |
| Less: Net shares issued to employees by ESOP trust | **(5,30,39,007)** | **(5,304)** | (5,27,97,999) | (5,280) |
| | **3,50,70,80,834** | **3,50,708** | **3,46,33,69,745** | **3,46,337** |
| Add/(Less): Loans to Employees (net) | | **(1)** | | (2) |
| **Total** | **3,50,70,80,834** | **3,50,707** | **3,46,33,69,745** | **3,46,335** |

**(II) Terms/rights attached to equity shares**

The Holding Company has issued and allotted 4,39,52,097 Equity Shares of face value ₹ 10 each, at premium of ₹ 125.10 per share during the year ended March 31, 2023.

**(III) Reconciliation of the shares outstanding at the beginning and at the end of the year**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | (₹ in lakh) | No. of Shares | (₹ in lakh) |
| **At the beginning of the year** | **3,46,33,69,745** | **3,46,335** | 3,46,36,42,214 | 3,46,360 |
| Issued during the year | **4,39,52,097** | **4,395** | - | - |
| Add: Subscription of right issue by ESOP trust | **(6,63,088)** | **(66)** | - | - |
| Add/(less): Net shares issued to employees by ESOP trust | **4,22,080** | **42** | (2,72,469) | (27) |
| Add/(Less): Loans to Employees (net) | **-** | **1** | - | 2 |
| **Total** | **3,50,70,80,834** | **3,50,707** | **3,46,33,69,745** | **3,46,335** |

**(IV) Equity shares in the Company held by the holding company**

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | (₹ in lakh) | No. of Shares | (₹ in lakh) |
| Tata Sons Private Limited | 3,36,86,83,388 | 3,36,868 | 3,32,45,83,520 | 3,32,458 |
| | **3,36,86,83,388** | **3,36,868** | **3,32,45,83,520** | **3,32,458** |

**(V) Details of shareholders holding more than 5% shares in the company**

| Equity Shares | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | % holding | No. of Shares | % holding |
| Tata Sons Private Limited | 3,36,86,83,388 | 94.56% | 3,32,45,83,520 | 94.55% |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Rights, preferences and restrictions attached to shares**

The Company has one class of equity shares having a par value of ₹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 at the ensuing Annual General Meeting. 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.

**(VI) Details of shares held by promoters**

| Name of Promoter | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | % holding | No. of Shares | % holding |
| Tata Sons Private Limited | 3,36,86,83,388 | 94.56% | 3,32,45,83,520 | 94.55% |

**(VII) Capital Management**

The objective of the Group's Capital Management is to maximise shareholder value, safeguard business continuity and support the growth of its subsidiaries. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated.

**(VIII) Employee stock option scheme**

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 | ESOP 2022 |
|---|---|---|---|---|---|---|
| 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 24 months and 30% at the end of each 36 and 48 months from the date of grant | 100% at the end of 36 months from the date of grant | 20% at the end of each 12 and 24 months and 30% at the end of each 36 and 48 months from the date of grant |
| ii. Maximum term of option | 7 years | 7 years | 7 years | 7 years | 3 years | 7 years |
| iii. Method of settlement | Equity settled | 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. | N.A. |
| v. Any other details as disclosed in the audited Ind AS financial state-ments | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**B. Summary of share based payments**

**March 31, 2023**

| Particulars | ESOP 2018 | ESOP 2019 | ESOP 2020 |
|---|---|---|---|
| **Outstanding balance at the beginning of the period** | 56,40,000 | 58,05,000 | 66,62,500 |
| Options granted | - | - | - |
| Options forfeited | - | 22,500 | 49,500 |
| Options exercised | 1,50,000 | 1,22,500 | 1,38,000 |
| Options expired | - | - | - |
| Options lapsed | - | - | - |
| **Options outstanding at the end of the period** | 54,90,000 | 56,60,000 | 64,75,000 |
| Options exercisable at the end of the period | 54,90,000 | 39,62,000 | 25,90,000 |
| **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 |
| Average remaining contractual life of options | 2.50 | 3.34 | 4.34 |
| **Modification of plans** | N.A. | N.A. | N.A. |
| **Incremental fair value on modification** | N.A. | N.A. | N.A. |

**March 31, 2023**

| Particulars | ESOP 2021 | ESOP 2021 RSU | ESOP 2022 | Total |
|---|---|---|---|---|
| **Outstanding balance at the beginning of the period** | 53,62,500 | 23,11,672 | - | 2,57,81,672 |
| Options granted | - | - | 51,02,730 | 51,02,730 |
| Options forfeited | 1,31,250 | 56,579 | 12,000 | 2,71,829 |
| Options exercised | 7,500 | - | - | 4,18,000 |
| Options expired | - | - | - | - |
| Options lapsed | - | - | - | - |
| **Options outstanding at the end of the period** | 52,23,750 | 22,55,093 | 50,90,730 | 3,01,94,573 |
| Options exercisable at the end of the period | 10,44,750 | - | - | 1,30,86,750 |
| **For share options exercised** | | | | |
| Weighted average exercise price at date of exercise | | | | 47.34 |
| Money realized by exercise of options (In actual rupees) | | | | 1,97,87,400 |
| **For share options outstanding** | | | | |
| Range of exercise prices | 51.80 | 51.80 | 85.00 | - |
| Average remaining contractual life of options | 5.34 | 2.50 | 6.17 | 4.09 |
| **Modification of plans** | N.A. | N.A. | N.A. | - |
| **Incremental fair value on modification** | N.A. | N.A. | N.A. | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**March 31, 2022**

| Particulars | ESOP 2018 | ESOP 2019 | ESOP 2020 |
|---|---|---|---|
| **Outstanding balance at the beginning of the period** | **58,50,000** | **61,00,000** | **71,50,000** |
| Options granted | - | - | - |
| Options forfeited | 2,10,000 | 2,75,000 | 4,87,500 |
| Options exercised | - | 20,000 | - |
| Options expired | - | - | - |
| Options lapsed | - | - | - |
| **Options outstanding at the end of the period** | **56,40,000** | **58,05,000** | **66,62,500** |
| Options exercisable at the end of the period | 39,48,000 | 22,82,000 | 13,32,500 |
| | | | |
| **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 |
| Average remaining contractual life of options | 4.50 | 5.34 | 6.34 |
| | | | |
| **Modification of plans** | N.A. | N.A. | N.A. |
| **Incremental fair value on modification** | N.A. | N.A. | N.A. |

**March 31, 2022**

| Particulars | ESOP 2021 | ESOP 2021 RSU | Total |
|---|---|---|---|
| **Outstanding balance at the beginning of the period** | **-** | **-** | **1,91,00,000** |
| Options granted | 53,62,500 | 23,11,672 | 76,74,172 |
| Options forfeited | - | - | 9,72,500 |
| Options exercised | - | - | 20,000 |
| Options expired | - | - | - |
| Options lapsed | - | - | - |
| **Options outstanding at the end of the period** | **53,62,500** | **23,11,672** | **2,57,81,672** |
| Options exercisable at the end of the period | - | - | 75,62,500 |
| | | | |
| **For share options exercised** | | | |
| Weighted average exercise price at date of exercise | | | 51 |
| Money realized by exercise of options (In actual rupees) | | | 10,20,000 |
| | | | |
| **For share options outstanding** | | | |
| Range of exercise prices | 51.80 | 51.80 | - |
| Average remaining contractual life of options | 6.34 | 2.50 | 4.67 |
| | | | |
| **Modification of plans** | N.A. | N.A. | - |
| **Incremental fair value on modification** | N.A. | N.A. | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### C. Valuation of stock options

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

| Particulars | ESOP 2018 | ESOP 2019 | ESOP 2020 | ESOP 2021 | ESOP 2022 |
|---|---|---|---|---|---|
| **Share price:** | 50.6 | 51.00 | 40.30 | 51.80 | 85.00 |
| **Exercise Price:** | 50.6 | 51.00 | 40.30 | 51.80 | 85.00 |
| **Fair value of option:** | 23.34 | 23.02 | 17.07 | 22.33 | 40.40 |
| **Valuation model used:** | Black Scholes valuation | Black Scholes valuation | Black Scholes valuation | Black Scholes valuation | Black Scholes valuation |
| **Expected Volatility:** | 0.38 | 0.41 | 0.42 | 0.41 | 0.43 |
| **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 | Historical volatility of equity shares of comparable companies over the period ended May 31,2022 based on the life of options |
| **Contractual Option Life (years):** | 7 | 7 | 7 | 7 | 7 |
| **Expected dividends:** | - | - | - | - | - |
| **Risk free interest rate:** | 8.04% | 6.28% | 5.22% | 5.87% | 7.14% |
| **Vesting Dates** | 20% vesting on September 30, 2019 | 20% vesting on August 01, 2020 | 20% vesting on December 14, 2021 | 20% vesting on September 30, 2022 | 20% vesting on May 31, 2023 |
| | 40% vesting on September 30, 2020 | 40% vesting on August 01, 2021 | 40% vesting on July 31, 2022 | 40% vesting on July 31, 2023 | 40% vesting on May 31, 2024 |
| | 70% vesting on September 30, 2021 | 70% vesting on August 01, 2022 | 70% vesting on July 31, 2023 | 70% vesting on July 31, 2024 | 70% vesting on May 31, 2025 |
| | 100% vesting on September 30, 2022 | 100% vesting on August 01, 2023 | 100% vesting on July 31, 2024 | 100% vesting on July 31, 2025 | 100% vesting on May 31, 2026 |
| **Valuation of incremental fair value on modification** | N.A. | N.A. | N.A. | N.A. | N.A. |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**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, 2023**

| Name of Scheme | Mr. Rajiv Sabharwal | | Mr. Rakesh Bhatia | | Ms. Sarita Kamath | |
|---|---|---|---|---|---|---|
| | Granted | Exercised | Granted | Exercised | Granted | Exercised |
| ESPS 2009 | - | - | 50,151 | 50,151 | - | - |
| ESPS 2011 | - | - | - | - | 3,000 | 3,000 |
| ESOP 2011 | - | - | - | - | - | - |
| PS 2013 | - | - | - | - | 323 | 323 |
| ESPS 2013 | - | - | - | - | - | - |
| ESOP 2013 | - | - | - | - | 30,000 | 30,000 |
| ESOP 2016 | - | - | - | - | 10,000 | 10,000 |
| ESOP 2017 | - | - | - | - | 10,000 | 10,000 |
| ESOP 2018 | 16,00,000 | - | - | - | 1,00,000 | - |
| ESOP 2019 | 16,00,000 | - | - | - | 1,00,000 | - |
| ESOP 2020 | 17,60,000 | - | 2,00,000 | - | 1,10,000 | - |
| ESOP 2021 | 12,00,000 | - | 2,25,000 | - | 1,12,500 | - |
| ESOP 2021 RSU | 5,17,297 | - | 96,993 | - | 48,497 | - |
| ESOP 2022 | 9,90,100 | - | 1,65,820 | - | 82,910 | - |
| **Total** | **76,67,397** | **-** | **7,37,964** | **50,151** | **6,07,230** | **53,323** |

**As at March 31, 2022**

| Name of Scheme | Mr. Rajiv Sabharwal | | Mr. Rakesh Bhatia | | Ms. Sarita Kamath | |
|---|---|---|---|---|---|---|
| | Granted | Exercised | Granted | Exercised | Granted | Exercised |
| ESPS 2009 | - | - | 50,151 | 50,151 | - | - |
| ESPS 2011 | - | - | - | - | 3,000 | 3,000 |
| ESOP 2011 | - | - | - | - | - | - |
| PS 2013 | - | - | - | - | 323 | 323 |
| ESPS 2013 | - | - | - | - | - | - |
| ESOP 2013 | - | - | - | - | 30,000 | 30,000 |
| ESOP 2016 | - | - | - | - | 10,000 | 10,000 |
| ESOP 2017 | - | - | - | - | 10,000 | 10,000 |
| ESOP 2018 | 16,00,000 | - | - | - | 1,00,000 | - |
| ESOP 2019 | 16,00,000 | - | - | - | 1,00,000 | - |
| ESOP 2020 | 17,60,000 | - | 2,00,000 | - | 1,10,000 | - |
| ESOP 2021 | 12,00,000 | - | 2,25,000 | | 1,12,500 | - |
| ESOP 2021 RSU | 5,17,297 | - | 96,993 | | 48,497 | - |
| **Total** | **66,77,297** | **-** | **5,72,144** | **50,151** | **5,24,320** | **53,323** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**(e) Investment by Tata Sons Private Limited (the Holding Company) and its Subsidiaries/ Associates/JVs**

| Name of company | Particulars of issue | No. of equity shares | ₹ in lakh |
|---|---|---|---|
| **Tata Sons Private Limited (Holding Company)** | Opening Balance as on April 01, 2021 | 3,32,45,83,520 | 3,32,458 |
| | Add: Issued | - | - |
| | Closing Balance as on March 31, 2022 | 3,32,45,83,520 | 3,32,458 |
| | Add: Issued/ Purchased | 4,40,99,868 | 4,410 |
| | Closing Balance as on March 31, 2023 | 3,36,86,83,388 | 3,36,868 |
| **Tata Investment Corporation Limited (Subsidiary of Tata Sons Private Limited)** | Opening Balance as on April 01, 2021 | 7,71,96,591 | 7,720 |
| | Add: Issued | - | - |
| | Closing Balance as on March 31, 2022 | 7,71,96,591 | 7,720 |
| | Add: Issued | 9,64,957 | 96 |
| | Closing Balance as on March 31, 2023 | 7,81,61,548 | 7,816 |
| **Tata Industries Limited (Joint Venture of Tata Sons Private Limited)** | Opening Balance as on April 01, 2021 | 22,72,346 | 227 |
| | Add: Issued | - | - |
| | Closing Balance as on March 31, 2022 | 22,72,346 | 227 |
| | Add: Issued | - | - |
| | less: Sold | 22,72,346 | 227 |
| | Closing Balance as on March 31, 2023 | - | - |
| **Tata International Limited (Subsidiary of Tata Sons Private Limited)** | Opening Balance as on April 01, 2021 | 7,90,592 | 79 |
| | Add: Issued | - | - |
| | Closing Balance as on March 31, 2022 | 7,90,592 | 79 |
| | Add: Issued | - | - |
| | Closing Balance as on March 31, 2023 | 7,90,592 | 79 |
| **Tata Motors Limited (Associate of Tata Sons Private Limited)** | Opening Balance as on April 01, 2021 | 43,26,651 | 433 |
| | Add: Issued | - | - |
| | Closing Balance as on March 31, 2022 | 43,26,651 | 433 |
| | Add: Issued | - | - |
| | Closing Balance as on March 31, 2023 | 43,26,651 | 433 |
| **Tata Chemicals Limited (Associate of Tata Sons Private Limited)** | Opening Balance as on April 01, 2021 | 32,30,859 | 323 |
| | Add: Issued | - | - |
| | Closing Balance as on March 31, 2022 | 32,30,859 | 323 |
| | Add: Issued | - | - |
| | Closing Balance as on March 31, 2023 | 32,30,859 | 323 |
| **Tata Consumer Products Limited (formerly Tata Global Beverages Limited) (Associate of Tata Sons Private Limited)** | Opening Balance as on April 01, 2021 | 6,13,598 | 61 |
| | Add: Issued | - | - |
| | Closing Balance as on March 31, 2022 | 6,13,598 | 61 |
| | Add: Issued | - | - |
| | Closing Balance as on March 31, 2023 | 6,13,598 | 61 |
| **Total** | **Opening Balance as on April 01, 2021** | **3,41,30,14,157** | **3,41,301** |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2022** | **3,41,30,14,157** | **3,41,301** |
| | Add: Issued/ Purchased | 4,50,64,825 | 4,506 |
| | **Closing Balance as on March 31, 2023** | **3,45,80,78,982** | **3,45,807** |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Note 22: Other Equity

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Securities premium | **3,47,377** | 2,93,214 |
| Capital reserve | **43** | 43 |
| Capital redemption reserve | **575** | 575 |
| Debenture redemption reserve | **-** | 30,000 |
| Special reserve account | **2,39,348** | 1,74,335 |
| Retained earnings | **5,34,805** | 3,10,227 |
| General reserve | **32,161** | 2,026 |
| Employee stock option outstanding account | **4,795** | 3,279 |
| Foreign currency translation reserve | **13,870** | 9,107 |
| Other comprehensive income : | | |
| Remeasurement of defined benefit liability / asset | **(1,274)** | (355) |
| Fair value changes of financial instrument measured at fair value through other comprehensive income | **789** | 1,933 |
| The effective portion of gains and loss on hedging instruments in a cash flow hedge reserve | **4,514** | 1,502 |
| Debt instruments through other comprehensive income | **(1,570)** | (915) |
| Equity instruments through Other Comprehensive Income | **1,69,733** | - |
| **Total** | **13,45,166** | **8,24,971** |

1. **Securities premium:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Account.
2. **Capital Reserve:** Reserve created on accounting of merger of subsidiaries.
3. **Capital Redemption Reserve:** This reserve has been created and held in books as per requirement of the Companies Act.
4. **Debenture redemption reserve:** As per section 71(4) of the Companies Act 2013, created out of the profits of the Group available for payment of dividend and credited to such account, shall not be utilised except for redemption of debentures.
5. **Special reserve Account/ Statutory Reserve:** As prescribed by section 45-IC of the Reserve Bank of India Act, 1934, Section 29C of National Housing Bank Act 1987,and Section 36 (1) (viii) of the Income Tax Act,1961. No appropriation of any sum from the reserve fund shall be made by the Group except for the purpose as may be specified by RBI/NHB from time to time.
6. **General reserve:** Created upon employees stock options that expired unexercised or upon forfeiture of options granted.
7. **Employee stock option outstanding account:** Created upon grant of options to employees.
8. **Foreign Currency Translation Reserve:** The reserve is created on account of translation of assets and liabilities of foreign subsidiaries.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 23: Interest income

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| On financial assets measured at | | |
| **(i) Amortised cost** | | |
| Interest on loans and credit substitutes | **11,64,782** | 8,94,581 |
| Interest income from investments | **16,872** | 9,138 |
| Interest on deposits with bank | **2,472** | 562 |
| Other interest income | **128** | 118 |
| **(ii) Fair value through other comprehensive income** | | |
| Interest on loans and credit substitutes | **3,654** | 3,767 |
| Interest on debentures | **1,144** | 498 |
| **(iii) Fair value through profit and loss** | | |
| Interest on debentures | **538** | 311 |
| **Total** | **11,89,590** | **9,08,975** |

### Note 24: Fees and commission Income

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Foreclosure charges | **5,309** | 5,841 |
| Fees on value added services and products | **1,375** | 855 |
| Advisory Fees | **1,565** | 1,048 |
| Distribution fee | **-** | 5 |
| Other fee and commision income | **23,165** | 18,064 |
| **Total** | **31,414** | **25,813** |

### Note 25: Net gain/(loss) on fair value changes

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **(A) Net gain/(loss) on financial instruments classified at fair value through profit or loss** | | |
| (i) On trading portfolio | | |
| - Investments | **(8,821)** | 17,530 |
| - Derivatives | **-** | - |
| - Others | **-** | - |
| (ii) On financial instruments designated at fair value through profit or loss | **41** | - |
| **(B) Others** | **15,154** | 22,393 |
| **Total** | **6,374** | **39,923** |
| **(C) Fair value changes:** | | |
| - Realised | **6,432** | 8,327 |
| - Unrealised | **(58)** | 31,596 |
| **Total** | **6,374** | **39,923** |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Note 26: Other income

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Branch advertisement income | **8,973** | 5,990 |
| Income from distribution of financial products | **11,720** | 7,343 |
| Net gain on derecognition of property, plant and equipment | **-** | 1,014 |
| Interest on income tax refund | **208** | 54 |
| Income from advisory services | **6,350** | 5,218 |
| Other miscellaneous Income | **608** | 588 |
| **Total** | **27,859** | **20,207** |

## Note 27: Finance costs

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **At Amortised Cost** | | |
| Interest on borrowings other than debt securities | **2,85,982** | 1,81,331 |
| Interest on debt securities | **2,55,132** | 2,19,132 |
| Interest on subordinated liabilities | **57,614** | 52,803 |
| Interest cost of lease liabilities | **1,205** | 935 |
| Other interest expenses | **3,709** | 357 |
| Discounting Charges | | |
| (i) On commercial paper | **45,446** | 30,454 |
| (ii) On debentures | **10,990** | 3,891 |
| **Total** | **6,60,078** | **4,88,903** |

## Note 28: Impairment on financial instruments

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Loans and credit substitutes** | | |
| Impairment loss allowance on loans (Stage I & II) | | |
| - At amortised cost | **(9,238)** | 43,005 |
| - At FVTOCI | **41** | (580) |
| | **(9,197)** | 42,425 |
| Impairment loss allowance on loans (Stage III) - at amortised cost | **32,520** | (324) |
| Less : Delinquency Support | **(1,521)** | (81) |
| | **30,999** | (405) |
| Write off - Loans and credit substitutes - at amortised cost | **33,973** | 66,061 |
| Provision on derivative current credit exposure | **67** | - |
| Impairment on Investments | **-** | (3) |
| Trade receivables | **1,587** | (17) |
| **Total** | **57,429** | **1,08,061** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 29: Employee benefits expenses

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | **1,15,066** | 81,128 |
| Contribution to provident, superannuation and pension fund | **4,550** | 2,878 |
| Share based payments to employees | **2,148** | 1,510 |
| Staff welfare expenses | **5,680** | 2,579 |
| Expenses related to post-employment defined benefit plans | **1,097** | 885 |
| **Total** | **1,28,541** | **88,980** |

### Note 30: Other expenses

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Advertisements and publicity | **10,600** | 6,153 |
| Brand Equity and Business Promotion | **3,843** | 2,653 |
| Corporate social responsibility expenses | **3,604** | 2,612 |
| Information Technology expenses | **22,508** | 20,184 |
| Insurance charges | **185** | 664 |
| Incentive / commission/ brokerage | **451** | 413 |
| Legal and professional fees | **10,393** | 8,408 |
| Loan processing fees | **4,870** | 3,996 |
| Printing and stationery | **614** | 589 |
| Reversal of provision against assets held for sale | **-** | (1) |
| Net loss on derecognition of property, plant and equipment | **310** | - |
| Power and fuel | **1,427** | 1,015 |
| Repairs and maintenance | **560** | 228 |
| Rent, rates and taxes | **876** | 803 |
| Stamp charges | **4,395** | 2,997 |
| Service providers' charges | **35,122** | 32,922 |
| Training and recruitment | **1,393** | 793 |
| Telephone, telex and leased line | **571** | 532 |
| Travelling and conveyance | **5,692** | 3,291 |
| Directors remuneration | **588** | 480 |
| Other miscellaneous expenses [Refer note 30(a) below] | **7,297** | 4,802 |
| **Total** | **1,15,299** | **93,534** |

**(a) Auditors' remuneration (excl. Taxes)**

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| (i) Audit fees | **429** | 417 |
| (ii) Tax audit fees | **19** | 22 |
| (iii) Other Services* | **41** | 43 |
| | **489** | **482** |

(Auditors' remuneration is part of Other expenses)
*Includes certification expenses and out of pocket expenses

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**(b) Corporate social responsibility expenses**

(i) Gross amount required to be spent by the Group during the year was ₹ 3,604 lakh (PY: ₹ 2,153 lakh)

(ii) Amount spent during the year on:

(₹ in lakh)

| Particulars | Paid | Yet to be paid |
|---|---|---|
| Construction/acquisition of any asset | **733** | - |
| On purposes other than above | **2,871** | - |

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.

**Note 31: The financial statements of the following subsidiaries have been consolidated as per Ind AS 110 on Consolidated Financial Statements as on March 31, 2023:-**

| Sr No. | Name of the Subsidiary | Country of Incorporation | % Holding as at March 31, 2023 | % Holding as at March 31, 2022 |
|---|---|---|---|---|
| 1 | Tata Securities Limited | India | **100.00** | 100.00 |
| 2 | Tata Capital Housing Finance Limited | India | **100.00** | 100.00 |
| 3 | Tata Capital Financial Services Limited | India | **100.00** | 100.00 |
| 4 | Tata Capital Growth Fund I | India | **73.75** | 73.75 |
| 5 | Tata Cleantech Capital Limited | India | **80.50** | 80.50 |
| 6 | Tata Capital Pte. Limited | Singapore | **100.00** | 100.00 |
| 7 | Tata Capital Advisors Pte. Limited (Subsidiary of Tata Capital Pte. Limited) | Singapore | **100.00** | 100.00 |
| 8 | Tata Capital Plc[1] (Subsidiary of Tata Capital Pte. Limited) | United Kingdom | **100.00** | 100.00 |
| 9 | Tata Capital General Partners LLP (Subsidiary of Tata Capital Pte. Limited) | Singapore | **80.00** | 80.00 |
| 10 | Tata Capital Healthcare General Partners LLP (Subsidiary of Tata Capital Pte. Limited) | Singapore | **100.00** | 100.00 |
| 11 | Tata Capital Healthcare II General Partners LLP (Subsidiary of Tata Capital Pte. Limited) | Singapore | **100.00** | 100.00 |
| 12 | Tata Opportunities General Partners LLP (Subsidiary of Tata Capital Pte. Limited) | Singapore | **90.00** | 90.00 |
| 13 | Tata Capital Growth II General Partners LLP (Subsidiary of Tata Capital Pte. Limited) | Singapore | **80.00** | 80.00 |
| 14 | Tata Capital Special Situation Fund | India | **28.20** | 28.20 |
| 15 | Tata Capital Innovation Fund | India | **27.84** | 27.79 |
| 16 | Tata Capital Growth Fund II[2] | India | **32.55** | 34.02 |
| 17 | Tata Capital Healthcare Fund I | India | **32.17** | 32.17 |
| 18 | Tata Capital Healthcare Fund II[2] | India | **16.07** | 19.86 |
| 19 | TCL Employee Welfare Trust | India | **-** | - |

1. Tata Capital Plc, registered in UK, has filed for liquidation on March 28th, 2023.
2. Consolidated based on beneficial interest held.
3. All the entities that are required to be consolidated as per IndAS 110 and IndAS 28 have been consolidated for the purpose of preparation of these financial statements.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note 32: The Group has investments in the following associates, which are accounted under the Equity Method in accordance with the Ind AS 28 on Accounting for Investment in Associate in Consolidated Financial Statements as on March 31, 2023:-**

(₹ in lakh)

| Sr No | Name of Associates | As on | Country of Incorporation | Ownership Interest (%) | Original Cost of Investment | Share of post acquisition Reserves & Surplus | Impair-ment | Carrying Amount of Investments |
|---|---|---|---|---|---|---|---|---|
| | **Equity Shares** | | | | | | | |
| 1 | Tata AutoComp Systems Limited[1] | March 31, 2023<br>March 31, 2022 | -<br>India | -<br>24.00% | -<br>18,528 | 43,456<br>27,346 | -<br>- | -<br>45,874 |
| 2 | Tata Technologies Limited[2] | March 31, 2023<br>March 31, 2022 | -<br>India | -<br>4.48% | -<br>4,707 | 7,555<br>5,975 | -<br>- | -<br>10,682 |
| 3 | Tata Play Limited (formerly Tata Sky Limited) | March 31, 2023<br>March 31, 2022 | India<br>India | 0.72%<br>0.72% | 5,242<br>5,242 | 335<br>475 | -<br>- | 5,577<br>5,717 |
| 4 | Tata Projects Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 2.21%<br>2.21% | 5,478<br>5,478 | (1,478)<br>769 | -<br>- | 4,000<br>6,247 |
| 5 | Fincare Business Services Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 0.76%<br>0.76% | 734<br>734 | 111<br>114 | -<br>- | 845<br>848 |
| 6 | Fincare Small Finance Bank Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 0.11%<br>0.11% | 145<br>145 | (3)<br>5 | -<br>- | 142<br>150 |
| 7 | TVS Supply Chain Solutions Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 0.40%<br>0.40% | 982<br>982 | (167)<br>(174) | -<br>- | 815<br>808 |
| 8 | Novalead Pharma Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 19.75%<br>19.75% | 2,335<br>2,335 | (54)<br>(54) | (1,332)<br>(792) | 949<br>1,489 |
| 9 | Tema India Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 35.01%<br>35.01% | 4,201<br>4,201 | 308<br>3 | -<br>- | 4,509<br>4,204 |
| 10 | Kapsons Industries Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 0.01%<br>0.01% | 1<br>1 | -<br>- | (1)<br>(1) | -<br>- |
| 11 | Vortex Engineering Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 18.50%<br>18.50% | 2,900<br>2,900 | -<br>- | (2,275)<br>(2,050) | 625<br>850 |
| 12 | Sea6 Energy Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 13.40%<br>21.00% | 2,060<br>3,186 | (986)<br>(634) | -<br>- | 1,074<br>2,552 |
| 13 | Alef Mobitech Solutions Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 25.70%<br>25.70% | 1,588<br>1,588 | (495)<br>(495) | (1,093)<br>(1,093) | -<br>- |
| 14 | Indusface Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 36.91%<br>36.91% | 3,500<br>3,500 | (591)<br>(226) | -<br>- | 2,909<br>3,274 |
| 15 | Linux Laboratories Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 3.90%<br>3.90% | 1,500<br>1,500 | 4<br>8 | -<br>- | 1,504<br>1,508 |
| 16 | Cnergyis Infotech India Pvt Ltd | March 31, 2023<br>March 31, 2022 | India<br>India | 35.82%<br>35.82% | 5,709<br>5,709 | (696)<br>- | -<br>- | 5,013<br>5,709 |
| 17 | Atulaya Healthcare Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 0.01%<br>0.01% | 1<br>1 | -<br>- | -<br>- | 1<br>1 |
| 18 | Anderson Diagnostic Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | 4.48%<br>- | 1,500<br>- | 3<br>- | - | 1,503 |
| | **Subtotal** | **March 31, 2023**<br>**March 31, 2022** | | | **37,876**<br>**60,737** | **47,302**<br>**33,112** | **(4,701)**<br>**(3,936)** | **29,466**<br>**89,913** |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Name of Associates | As on | Country of Incorporation | Ownership Interest (%) | Original Cost of Investment | Share of post acquisition Reserves & Surplus | Impair-ment | Carrying Amount of Investments |
|---|---|---|---|---|---|---|---|---|
| | **Preference Shares** | | | | | | | |
| 1 | Lokmanaya Hospital Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | -<br>- | 2,464<br>2,464 | -<br>- | -<br>- | 2,464<br>2,464 |
| 2 | Kapsons Industries Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | -<br>- | 6,000<br>6,000 | -<br>- | (6,000)<br>(6,000) | -<br>- |
| 3 | Linux Laboratories Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | -<br>- | 3,500<br>3,500 | -<br>- | -<br>- | 3,500<br>3,500 |
| 4 | Alef Mobitech Solutions Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | -<br>- | 1,712<br>1,712 | -<br>- | (1,712)<br>(1,712) | -<br>- |
| 5 | Cnergyis Infotech India Pvt Ltd | March 31, 2023<br>March 31, 2022 | India<br>India | -<br>- | 2,091<br>2,091 | -<br>- | -<br>- | 2,091<br>2,091 |
| 6 | Atulaya Healthcare Private Limited | March 31, 2023<br>March 31, 2022 | India<br>India | -<br>- | 5,499<br>3,999 | -<br>- | -<br>- | 5,499<br>3,999 |
| 7 | DeepTek, Inc | March 31, 2023<br>March 31, 2022 | USA<br>USA | -<br>- | 4,986<br>4,340 | -<br>- | -<br>- | 4,986<br>4,340 |
| 8 | Anderson Diagnostic Private Limited | March 31, 2023<br>March 31, 2022 | India<br>- | -<br>- | 4,000<br>- | -<br>- | -<br>- | 4,000<br>- |
| 9 | Cellcure Cancer Centre Private Limited | March 31, 2023<br>March 31, 2022 | India<br>- | -<br>- | 7,500<br>- | -<br>- | -<br>- | 7,500<br>- |
| 10 | Tema India Limited | March 31, 2023<br>March 31, 2022 | India<br>India | -<br>- | -<br>300 | -<br>- | -<br>- | -<br>300 |
| | **Subtotal** | **March 31, 2023**<br>**March 31, 2022** | | | **37,752**<br>**24,406** | **-**<br>**-** | **(7,712)**<br>**(7,712)** | **30,040**<br>**16,694** |
| | **Total** | **March 31, 2023**<br>**March 31, 2022** | | | **75,628**<br>**85,143** | **47,302**<br>**33,112** | **(12,413)**<br>**(11,648)** | **59,507**<br>**106,608** |

**Notes:**

Consolidated based on unaudited financial statements as at the year/relevant period during the year.

1. Tata AutoComp Systems Limited ceased to be an Associate company w.e.f. March 23, 2023
2. Tata Technologies Limited ceased to be an Associate company w.e.f. December 12, 2022
3. Roots Corporation Limited ceased to be Associate Company w.e.f. March 25, 2022

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Note 33: 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 31 March 2023 | | As at 31 March 2022 | | For the year ended 31 March 2023 | | For the year ended 31 March 2022 | | For the year ended 31 March 2023 | | For the year ended 31 March 2022 | | For the year ended 31 March 2023 | | For the year ended 31 March 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Net assets, i.e., total assets minus total liabilities | | | | Share in profit and loss | | | | Share in other comprehensive income | | | | Share in total comprehensive income | | | |
| | As % of consolidated net assets | Amount | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| **Parent:** | | | | | | | | | | | | | | | | |
| Tata Capital Limited | 59.62 | 1,011,055 | 59.92 | 701,798 | 24.22 | 72,050 | 5.04 | 8,311 | 104.78 | 182,790 | (1.98) | (100) | 54.00 | 254,840 | 4.83 | 8,211 |
| **Subsidiaries** | | | | | | | | | | | | | | | | |
| **Indian** | | | | | | | | | | | | | | | | |
| Tata Capital Financial Services Limited | 60.49 | 1,025,816 | 66.27 | 776,269 | 46.44 | 138,156 | 49.59 | 81,720 | 0.73 | 1,290 | 53.80 | 2,724 | 29.55 | 139,446 | 49.71 | 84,444 |
| Tata Capital Housing Finance Limited | 28.68 | 486,404 | 30.45 | 356,680 | 27.59 | 82,086 | 34.50 | 56,853 | 0.35 | 602 | 6.91 | 350 | 17.52 | 82,688 | 33.67 | 57,203 |
| Tata Cleantech Capital Limited | 11.54 | 195,697 | 14.32 | 167,685 | 9.36 | 27,847 | 12.37 | 20,381 | 0.02 | 27 | (1.20) | (61) | 5.91 | 27,874 | 11.96 | 20,320 |
| Tata Securities Limited | 0.07 | 1,219 | 0.10 | 1,227 | (0.51) | (1,521) | (0.71) | (1,172) | 0.01 | 14 | 0.02 | 1 | (0.32) | (1,507) | (0.69) | (1,171) |
| Tata Capital Growth Fund I | 2.14 | 36,237 | 0.91 | 10,703 | 2.43 | 7,237 | 2.08 | 3,424 | 15.04 | 26,245 | 0.12 | 6 | 7.09 | 33,482 | 2.02 | 3,430 |
| Tata Capital Healthcare Fund I | 0.20 | 3,366 | 0.34 | 3,932 | (0.19) | (567) | (0.50) | (817) | - | - | - | - | (0.12) | (567) | (0.48) | (817) |
| Tata Capital Healthcare Fund II | 1.68 | 28,517 | 1.07 | 12,519 | (0.55) | (1,631) | (1.72) | (2,832) | - | - | - | - | (0.35) | (1,631) | (1.67) | (2,832) |
| Tata Capital Special Situation Fund | 0.27 | 4,554 | 0.40 | 4,627 | 0.10 | 296 | (0.03) | (44) | 0.01 | 14 | - | - | 0.07 | 310 | (0.03) | (44) |
| Tata Capital Innovation Fund | 0.09 | 1,543 | 0.28 | 3,248 | 0.31 | 936 | 2.73 | 4,499 | - | (7) | - | - | 0.20 | 929 | 2.65 | 4,499 |
| Tata Capital Growth Fund II | 3.53 | 59,849 | 7.34 | 86,022 | (4.18) | (12,448) | 9.54 | 15,732 | - | - | - | - | (2.64) | (12,448) | 9.26 | 15,732 |
| Tata Capital Employee Welfare Trust | 0.11 | 1,926 | 0.15 | 1,729 | 0.07 | 198 | 0.01 | 14 | - | - | - | - | 0.04 | 198 | 0.01 | 14 |
| **Foreign** | | | | | | | | | | | | | | | | |
| Tata Capital Pte. Limited | 3.26 | 55,249 | 4.14 | 48,546 | 2.09 | 6,207 | 2.92 | 4,809 | 2.23 | 3,916 | 14.14 | 716 | 2.15 | 10,123 | 3.25 | 5,525 |
| Tata Capital Advisors Pte. Limited | 0.60 | 10,143 | 1.08 | 12,594 | 0.50 | 1,500 | 1.30 | 2,150 | - | - | - | - | 0.32 | 1,500 | 1.27 | 2,150 |
| Tata Capital General Partners LLP | 0.27 | 4,526 | 0.45 | 5,274 | 0.59 | 1,742 | 0.01 | 23 | - | - | - | - | 0.37 | 1,742 | 0.01 | 23 |
| Tata Capital Growth II General Partners LLP | 0.00 | 37 | 0.00 | 32 | 0.00 | 2 | 0.01 | 14 | - | - | - | - | 0.00 | 2 | 0.01 | 14 |
| Tata Capital Healthcare General Partners LLP | 0.00 | 26 | 0.00 | 27 | - | (3) | - | - | - | - | - | - | - | (3) | - | - |
| Tata Capital Healthcare II General Partners LLP | 0.00 | 25 | 0.00 | 18 | 0.00 | 6 | - | 6 | - | - | - | - | 0.00 | 6 | - | 6 |
| Tata Opportunities General Partners LLP | 0.00 | 14 | 0.00 | 14 | - | (1) | - | - | - | - | - | - | - | (1) | - | - |
| Tata Capital PLC | 0.07 | 1,148 | 0.10 | 1,132 | (0.01) | (22) | 0.01 | 19 | - | - | - | - | 0.00 | (22) | 0.01 | 19 |

| Name of the entity | As at 31 March 2023 | | As at 31 March 2022 | | For the year ended 31 March 2023 | | For the year ended 31 March 2022 | | For the year ended 31 March 2023 | | For the year ended 31 March 2022 | | For the year ended 31 March 2023 | | For the year ended 31 March 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Net assets, i.e., total assets minus total liabilities | | | | Share in profit and loss | | | | Share in other comprehensive income | | | | Share in total comprehensive income | | | |
| | As % of consolidated net assets | Amount | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| **Non- Controlling Interests in all subsidiaries** | | | | | | | | | | | | | | | | |
| **Indian** | | | | | | | | | | | | | | | | |
| Tata Cleantech Capital Limited | (2.25) | (38,161) | (2.79) | (32,701) | (1.83) | (5,430) | (2.41) | (3,975) | - | (5) | 0.24 | 12 | (1.15) | (5,435) | (2.33) | (3,962) |
| Tata Capital Growth Fund I | (0.45) | (7,611) | (0.19) | (2,249) | (0.46) | (1,368) | (0.55) | (899) | (3.18) | (5,550) | (0.02) | (1) | (1.47) | (6,918) | (0.53) | (900) |
| Tata Capital Healthcare Fund I | (0.11) | (1,820) | (0.18) | (2,131) | 0.10 | 311 | 0.34 | 554 | - | - | - | - | 0.07 | 311 | 0.33 | 554 |
| Tata Capital Healthcare Fund II | (1.41) | (23,933) | (0.86) | (10,033) | 0.55 | 1,629 | 1.73 | 2,853 | - | - | - | - | 0.35 | 1,629 | 1.68 | 2,853 |
| Tata Capital Special Situation Fund | (0.19) | (3,269) | (0.28) | (3,322) | (0.07) | (212) | 0.02 | 31 | (0.01) | (10) | - | - | (0.05) | (222) | 0.02 | 31 |
| Tata Capital Innovation Fund | (0.07) | (1,113) | (0.20) | (2,345) | (0.23) | (675) | (1.97) | (3,249) | - | 5 | - | - | (0.14) | (670) | (1.91) | (3,249) |
| Tata Capital Growth Fund II | (2.38) | (40,368) | (4.85) | (56,754) | 3.09 | 9,206 | (6.40) | (10,554) | - | - | - | - | 1.95 | 9,206 | (6.21) | (10,554) |
| TCL Employee Welfare Trust | (0.11) | (1,926) | (0.15) | (1,729) | (0.07) | (199) | (0.01) | (14) | - | - | - | - | (0.04) | (199) | (0.01) | (14) |
| **Foreign** | | | | | | | | | | | | | | | | |
| Tata Capital Pte. Limited | (0.05) | (793) | (0.09) | (1,029) | (0.12) | (349) | - | (7) | - | - | - | - | (0.07) | (349) | - | (7) |
| **Associates (Investment as per the equity method)** | | | | | | | | | | | | | | | | |
| **Indian** | | | | | | | | | | | | | | | | |
| **Equity shares** | | | | | | | | | | | | | | | | |
| Tata Autocomp Systems Limited | - | - | 3.92 | 45,874 | 5.69 | 16,920 | 5.85 | 9,641 | (0.46) | (810) | 26.72 | 1,353 | 3.41 | 16,110 | 6.47 | 10,994 |
| Tata Play Limited (formerly Tata Sky Limited) | 0.33 | 5,577 | 0.49 | 5,717 | (0.05) | (138) | 0.05 | 83 | - | (2) | - | - | (0.03) | (140) | 0.05 | 83 |
| Tata Projects Limited | 0.24 | 4,000 | 0.53 | 6,247 | (0.77) | (2,278) | (0.23) | (382) | 0.02 | 31 | (0.45) | (23) | (0.48) | (2,247) | (0.24) | (405) |
| Fincare Business Services Limited | 0.05 | 845 | 0.07 | 848 | - | (3) | - | - | - | - | - | - | - | (3) | - | - |
| Fincare Small Finance Bank Limited | 0.01 | 142 | 0.01 | 150 | - | (2) | - | 2 | - | (6) | - | - | - | (8) | - | 2 |
| TVS Supply Chain Solutions Limited | 0.05 | 815 | 0.07 | 808 | 0.01 | 15 | 0.03 | 50 | - | (8) | 0.04 | 2 | - | 7 | 0.03 | 52 |
| Tata Technologies Limited | - | - | 0.91 | 10,682 | 0.53 | 1,580 | 1.16 | 1,907 | (0.04) | (70) | 0.12 | 6 | 0.32 | 1,510 | 1.13 | 1,913 |
| Novalead Pharma Private Limited | 0.06 | 950 | 0.13 | 1,490 | - | - | - | - | - | - | - | - | - | - | - | - |
| Tema India Limited | 0.27 | 4,509 | 0.36 | 4,204 | 0.10 | 291 | (0.01) | (18) | 0.01 | 14 | - | - | 0.06 | 305 | (0.01) | (18) |
| Kapsons Industries Private Limited | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vortex Engineering Private Limited | 0.04 | 625 | 0.07 | 850 | - | - | - | - | - | - | - | - | - | - | - | - |
| Sea6 Energy Private Limited | 0.06 | 1,074 | 0.22 | 2,552 | (0.22) | (654) | (0.09) | (149) | - | (7) | - | - | (0.14) | (661) | (0.09) | (149) |
| Alef Mobitech Solutions Private Limited | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Indusface Private Limited (Equity) | 0.17 | 2,909 | 0.28 | 3,274 | (0.12) | (365) | (0.10) | (166) | - | - | - | - | (0.08) | (365) | (0.10) | (166) |
| Linux Laboratories Pvt Ltd | 0.09 | 1,504 | 0.13 | 1,508 | - | (3) | - | (4) | - | - | - | - | - | (3) | - | (4) |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Name of the entity | As at 31 March 2023 | | As at 31 March 2022 | | For the year ended 31 March 2023 | | For the year ended 31 March 2022 | | For the year ended 31 March 2023 | | For the year ended 31 March 2022 | | For the year ended 31 March 2023 | | For the year ended 31 March 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Net assets, i.e., total assets minus total liabilities | | | | Share in profit and loss | | | | Share in other comprehensive income | | | | Share in total comprehensive income | | | |
| | As % of consolidated net assets | Amount | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| Cnergyis Infotech India Pvt Ltd | 0.30 | 5,013 | 0.49 | 5,709 | (0.23) | (696) | - | - | - | - | - | - | (0.15) | (696) | - | - |
| Atulaya Healthcare Private Limited | - | 1 | - | 1 | - | - | - | - | - | - | - | - | - | - | - | - |
| Anderson Diagnostic Private Limited | 0.09 | 1,503 | - | - | - | 3 | - | - | - | - | - | - | - | 3 | - | - |
| **Preference Shares** | | | | | | | | | | | | | | | | |
| Lokmanaya Hospital Private Limited | 0.15 | 2,464 | 0.21 | 2,464 | - | - | - | - | - | - | - | - | - | - | - | - |
| Tema India Limited | - | - | 0.03 | 300 | - | - | - | - | - | - | - | - | - | - | - | - |
| Kapsons Industries Private Limited | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Alef Mobitech Solutions Private Limited | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Linux Laboratories Pvt Ltd | 0.21 | 3,500 | 0.30 | 3,500 | - | - | - | - | - | - | - | - | - | - | - | - |
| Cnergyis Infotech India Pvt Ltd | 0.12 | 2,091 | 0.18 | 2,091 | - | - | - | - | - | - | - | - | - | - | - | - |
| Atulaya Healthcare Private Limited | 0.32 | 5,499 | 0.34 | 3,999 | - | - | - | - | - | - | - | - | - | - | - | - |
| Deeptek Inc. | 0.29 | 4,986 | 0.37 | 4,340 | - | - | - | - | - | - | - | - | - | - | - | - |
| Anderson Diagnostic Private Limited | 0.24 | 4,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cellcure Cancer Centre Private Limited | 0.44 | 7,500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Eliminations | (69.13) | (1,171,991) | (86.84) | (1,017,085) | (14.16) | (42,163) | (14.56) | (23,973) | (19.51) | (34,029) | 1.54 | 78 | (16.15) | (76,192) | (14.07) | (23,896) |
| **Total** | **100.00** | **1,695,873** | **100.00** | **1,171,306** | **100.00** | **297,490** | **100.00** | **164,821** | **100.00** | **174,444** | **100.00** | **5,063** | **100.00** | **471,934** | **100.00** | **169,884** |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note 34: Disclosure pursuant to Ind AS 112 "Disclosure of Interest in other entities": Material Associates**

**i. Summarised Statement of Profit and Loss**

(₹ in lakh)

| Particulars | Tata AutoComp Systems Limited | |
|---|---|---|
| | FY 2022-23 (Unaudited) | FY 2021-22 (Unaudited) |
| Revenue | **11,44,396** | 7,15,944 |
| Profit/(loss) for the year | **72,246** | 46,487 |
| Other comprehensive income for the year | **(1,295)** | 3,208 |
| Total comprehensive income | **70,951** | 49,695 |
| Dividend received from associate | **1,932** | - |

**ii. Summarised Balance Sheet**

(₹ in lakh)

| Particulars | Tata AutoComp Systems Limited | |
|---|---|---|
| | FY 2022-23 (Unaudited) | FY 2021-22 (Unaudited) |
| Non-current asset | - | 3,32,864 |
| Current asset | - | 2,51,676 |
| Non-current liabilities | - | 1,68,564 |
| Current liabilities | - | 2,45,992 |
| Non-controlling interest | - | 29,450 |
| Equity attributable to equity shareholders | - | 1,40,539 |
| Group's share in % | - | 24% |
| Group's share | - | 33,729 |
| Add: Goodwill | - | 12,145 |
| Carrying amount | - | 45,874 |

**iii. Financial Information in respect of individually non-material associate**

| Particulars | FY 2022-23 | FY 2021-22 |
|---|---|---|
| Aggregate carrying amount of investment in individually non-material associate | **59,507** | 44,040 |
| Aggregate amounts of the Group's share of | | |
| Profit/(loss) for the year: | **(2,250)** | 1,323 |
| Other comprehensive income for the year | **(48)** | (15) |
| **Total comprehensive income for the year** | **(2,298)** | **1,308** |

**iv. Share in profit /(loss) of associates (net)**

| Particulars | FY 2022-23 | FY 2021-22 |
|---|---|---|
| Non-material associate | **(2,250)** | 1,323 |
| Material associate | **16,920** | 9,641 |
| **Total** | **14,670** | **10,964** |

**v. Share in other comprehensive income of associates (net)**

| Particulars | FY 2022-23 | FY 2021-22 |
|---|---|---|
| Non-material associate | (48) | (15) |
| Material associate | (810) | 1,353 |
| **Total** | **(858)** | **1,338** |

Note: Tata AutoComp Systems Limited ceased to be an Associate company w.e.f. March 23, 2023.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note 35: Provisions and Contingent Liabilities :**

**(i) Movement in impairment provision during the year is as under:**

(₹ in lakh)

| Particulars | For the Year ended | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Opening Balance** | **3,03,025** | 2,60,345 |
| Provision created during the year (net) | **23,282** | 42,680 |
| **Closing Balance** | **3,26,307** | **3,03,025** |
| (Includes Provision for off Balance Sheet exposure and Provision for letter of credit/buyer's credit facility ₹ 6,982 lakh (As at March 31, 2022:₹ 4,736 lakh) | | |

**(ii) Movement in other provisions during the year is as under:**

(₹ in lakh)

| Particulars | For the Year ended | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Opening Balance** | **2,764** | 2,712 |
| Provision created during the year (net) | **458** | 52 |
| **Closing Balance** | **3,222** | **2,764** |

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

(₹. in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Income Tax (Pending before Appellate Authorities) | **15,826** | 11,017 |
| VAT (Pending before Sales Tax Appellate Authorities) | **1,835** | 6,542 |
| Suits filed against the Group | **627** | 1,224 |
| Letter of credit | **25,244** | 30,448 |
| Bank Guarantees | **157** | 1,654 |
| **Total** | **43,689** | **50,885** |

As at March 31, 2023, claims against the Group not acknowledged as debts in respect of income tax matters amounted to ₹ 15,826 lakh (Previous year: ₹ 11,017 lakh). These claims against the Group are arising on account of multiple issues of disallowances on completion of assessment proceedings under the Income-tax Act, 1961, such as, disallowance u/s 14A of the Income-tax Act, 1961 for expenditure incurred in relation to exempt income and other disallowances. These matters are pending before various appellate authorities and the Group expects that its position will likely be upheld on ultimate resolution, in view of favourable Appellate Tribunal Orders for earlier years and decision of jurisdictional High Court in respect of 14A disallowance. Accordingly, there will not be a material adverse effect on the Group's financial position and therefore, the Group has not recognized these as uncertain tax positions in its books.

**(iv) Commitments :**

(a) Commitment to co-invest with Omega TC Holdings Pte. Ltd USD 14.90 Million (₹ 11,951 lakh) (as at March 31, 2022 : USD 14.90 Million (₹ 11,250 lakh)

(b) Guarantees issued to National Housing Bank on behalf of Tata Capital Housing Finance Limited ₹ 120,000 lakh (As at March 31, 2022 : ₹ 120,000 lakh) against which the amount liable by Tata Capital Housing Finance Limited is ₹ 12,954 lakh as at March 31, 2023 (As at March 31, 2022 ₹ 18,156 lakh). Pursuant to the terms of the Guarantee, the Company's liability on invocation is capped at the outstanding amount.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(c) Commitment in respect of uncalled capital investment in Partners' Capital in Pitango Venture Capital Fund amounting to ₹ 360 lakh (as at March 31, 2022 : ₹ 841 lakh).

(d) Undrawn Commitment given to Borrowers:

- As on March 31, 2023 ₹ 13,54,928 lakh (March 31, 2022: ₹ 11,90,948 lakh)
- Loan tenure - less than 1 Year: ₹ 5,14,240 lakh (March 31, 2022: ₹ 5,04,688 lakh)
- Loan tenure - More than 1 Year: ₹ 8,40,688 lakh (March 31, 2022: ₹ 6,86,260 lakh)

(e) Leases entered but not executed ₹ 97,514 lakh (March 31, 2022: ₹ 1,55,561 lakh)

(f) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 5,732 lakh (March 31, 2022: ₹ 2,167 lakh).

- Tangible: ₹ 4,283 lakh (March 31, 2022 : ₹ 675 lakh)
- Intangible: ₹ 1,449 lakh (March 31, 2022 : ₹ 1,492 lakh)

(g) Letter of Comfort ₹ 23,258 lakh (March 31, 2022: ₹ 43,276 lakh)

**Note 36: Employee benefit expenses**

**A. Defined contribution plans**

**1) Superannuation Fund**

The Group makes contribution towards superannuation fund, a defined contribution retirement plan for qualifying employees. The Superannuation fund is administered by superannuation fund set up as Trust by the Group. The Group is liable to pay to the superannuation fund to the extent of the amount contributed. The Group recognizes such contribution as an expense in the year of contribution. The Group has recognised ₹ 167 lakh (Year ended 31 March 2022 ₹ 167 lakh) for Superannuation Fund contributions in the Statement of Profit and Loss.

**B. Defined benefit plans**

**1) Provident Fund**

The Group makes Provident Fund contributions, a defined contribution plan for qualifying employees. Under the Schemes, both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions are made to the provident fund set up as an irrevocable trust by the Group, except for two of its subsidiaries where contributions as specified under the law are paid to provident fund administered by the Regional Provident Fund Commisisoner.

The employer's contribution towards pension fund is paid by the Group to Regional Provident Fund office, as specified under the law.

The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Group. Hence the Group is liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government. The total liability in respect of the interest shortfall of the Fund is determined on the basis of an actuarial valuation. The interest liability arising only to the extent of the aforesaid differential shortfalls is a defined benefit plan. There is no such shortfall as at March 31, 2023.

The Provident Fund contributions along with the interest shortfall if any are recognized as an expense in the year in which it is determined. The Group has recognised ₹ 4,309 lakh (Year ended 31 March 2022 ₹ 2,652 lakh) for Provident Fund contributions and ₹ Nil (Year ended 31 March 2022 ₹ Nil) for interest shortfalls in the Statement of Profit and Loss.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**2) Gratuity**

The Group offers its employees defined benefit plans in the form of a gratuity scheme (a lump-sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are recorded in the Other Comprehensive Income. The Company provides gratuity for employees in India as per payment of Gratuity Act, 1972. The gratuity scheme for employees is as under.

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

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

The Tata Capital Limited Gratuity Scheme is funded by way of a separate irrevocable Trust and the Group is expected to make regular contributions to the Trust. The fund is managed internally by the Holding 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 Group is exposed to a number of risks, the most significant of which are detailed below:

1. Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
2. Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
3. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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 | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Defined Obligations at the beginning of the year | **8,681** | - | 7,482 | - |
| Current service cost | **1,168** | - | 996 | - |
| Interest cost | **543** | - | 457 | - |
| a. Due to change in financial assumptions | **97** | - | (59) | - |
| b. Due to change in experience adjustments | **776** | - | 480 | - |
| Benefits paid directly by the Group | **(654)** | - | (675) | - |
| **Defined Obligations at the end of the year** | **10,611** | - | **8,681** | - |

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

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Fair Value at the beginning of the year | **9,614** | - | 8,780 | - |
| Expected return on plan assets | **(392)** | - | 174 | - |
| Employer contributions | **875** | - | 95 | - |
| Benefits paid | **-** | - | - | - |
| Interest Income on Plan Assets | **654** | - | 565 | - |
| Change in Asset Ceiling | **21** | - | - | - |
| **Fair Value of Plan Assets at the end of the year** | **10,772** | - | **9,614** | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### c) Funded status

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Deficit of plan assets over obligations | - | - | - | - |
| Surplus of plan assets over obligations | 161 | - | 933 | - |
| **Total** | **161** | **-** | **933** | **-** |

### d) Categories of plan assets

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Corporate bonds | 269 | - | 1,802 | - |
| Equity shares | - | - | 690 | - |
| Government securities | 29 | - | 2,135 | - |
| Insurer managed funds - ULIP Product | 10,433 | - | 4,568 | - |
| Cash | 41 | - | 419 | - |
| **Total** | **10,772** | **-** | **9,614** | **-** |

### e) Amount recognised in Balance sheet

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Present value of the defined benefit obligation (Liability) | 10,611 | - | 8,681 | - |
| Fair value of plan assets | 10,772 | - | 9,614 | - |
| **Net asset / (liability) recognised in the Balance Sheet** | **161** | **-** | **933** | **-** |

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

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Current Service Cost | 1,168 | - | 996 | - |
| Interest Cost (net) | (111) | - | (108) | - |
| **Total** | **1,057** | **-** | **888** | **-** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### g) Amount recognised in OCI

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| a. Due to change in financial assumptions | **97** | **-** | (59) | - |
| b. Due to change in experience adjustments | **776** | **-** | 480 | - |
| c. (Return) on plan assets (excl. interest income) | **392** | **-** | (174) | - |
| d. Change in Asset Ceiling | **(21)** | **-** | - | - |
| **Sub-total** | **1,244** | **-** | **247** | - |
| Less: Attributable to non-controlling interest | **11** | **-** | - | - |
| **Total** | **1,233** | **-** | **247** | **-** |
| **Total defined benefit cost recognized in P&L and OCI** | **2,301** | **-** | **1,135** | **-** |

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

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Expected total benefit payments | **16,911** | 13,328 |
| Year 1 | **1,137** | 833 |
| Year 2 | **1,206** | 999 |
| Year 3 | **1,286** | 1,095 |
| Year 4 | **1,764** | 1,158 |
| Year 5 | **1,434** | 1,587 |
| Next 5 years | **10,083** | 7,657 |

### i) Major Actuarial Assumptions

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Discount Rate (%) | **7.10%** | 6.50% |
| Salary Escalation/ Inflation (%) | **Non CRE: 9.00%, CRE & J Grade: 6.50%** | Non CRE:8.25%, CRE&J Grade:6% |
| Expected Return on Plan assets (%) | **7.10%** | 6.50% |
| Mortality Table | **Indian assured lives Mortality (2006-08) Ult.** | Indian assured lives Mortality (2006-08) (modified) Ult. |
| Withdrawal (rate of employee turnover) | **CRE and J Grade : 40%; Non CRE : Less than 5years : 25% More than 5 years : 10%** | CRE and J Grade : 40%; Non CRE :Less than 5 years : 25% and more than 5 years :10% |
| Retirement Age | **60 years** | 60 years |
| Estimate of amount of contribution in the immediate next year (₹ in lakh) | **1,137** | 833 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

**j) 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 | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | **(669)** | **754** | (556) | 627 |
| Future salary growth (1% movement) | **735** | **(665)** | 612 | (554) |
| Others (Withdrawal rate 5% movement) | **(615)** | **905** | (484) | 704 |

**k) Provision for leave encashment**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Non current | Current | Non current | Current |
| Liability for compensated absences | **1,965** | **612** | 1,677 | 456 |

**l) Experience adjustments**

| Particulars | Defined benefit obligation | Plan assets | Surplus/ (deficit) | Experience adjustments on plan liabilities | Experience adjustments on plan assets |
|---|---|---|---|---|---|
| **Funded** | | | | | |
| 2022-23 | 10,611 | 10,772 | 161 | (776) | (392) |
| 2021-22 | 8,681 | 9,614 | 933 | (480) | 174 |

Note: The actuarial valuation as at March 31, 2023 has been carried out on the basis of the membership data provided as at February 28, 2023.

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Note 37: Disclosure under Ind AS 116: Leases

As a lessee the Group classified property leases as operating leases under Ind AS 116. These include office premises taken on lease. The leases typically run for a period of one to 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 Group is a lessee is presented below.

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

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening balance | **11,133** | 8,732 |
| Additions during the year | **13,010** | 6,740 |
| Deletion during the year | **(495)** | (1,179) |
| Foreign currency translation | **16** | 1 |
| Depreciation charge for the year | **(4,271)** | (3,161) |
| **Closing balance** | **19,393** | **11,133** |

### (II) Movement of lease liabilities

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening balance | **12,344** | 10,243 |
| Additions during the year | **11,619** | 6,277 |
| Deletion during the year | **(544)** | (1,441) |
| Finance cost | **1,206** | 933 |
| Foreign currency translation | **17** | 3 |
| Payment of lease liabilities | **(4,103)** | (3,670) |
| **Closing balance** | **20,538** | **12,345** |

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

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Less than one month | **566** | 327 |
| Between one and three months | **1,064** | 659 |
| Between three months and one year | **4,101** | 2,906 |
| Between one and five years | **13,194** | 8,681 |
| More than five years | **6,877** | 3,327 |
| **Total undiscounted lease liabilities** | **25,802** | **15,900** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Interest on lease liabilities | **(1,206)** | (933) |
| Depreciation of ROU lease asset | **(4,271)** | (3,161) |
| Gain/(loss) on termination of leases | **35** | 268 |
| Rent concession related to COVID-19 | **15** | 56 |

### (V) Amounts recognised In statement of cash flows

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Total cash outflow for leases | **4,104** | 3,670 |

Note:

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

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

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

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

### Note 38: Earnings per Share (EPS):

(₹ in lakh)

| Particulars | | FY 2022-23 | FY 2021-22 |
|---|---|---|---|
| Profit for the year attributable to Owners of the company | ₹. in lakh | **297,490** | 164,821 |
| Weighted average number of equity shares used in computing EPS | Nos | **3,51,72,51,494** | 3,51,61,67,744 |
| Face value of equity shares | Rupees | **10** | 10 |
| **Basic EPS/Diluted EPS** | Rupees | **8.46** | 4.69 |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note 39: Operating segments - Basis for segmentation**

See accounting policy in 2(xviii)

A. Basis for segmentation

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

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

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

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

In accordance with Ind AS 108, the Group has identified three business segments i.e. Financing Activity, Investment Activity, and Others and one Geographical Segment viz. India, as secondary segment.

| **Particulars** | **For the Year Ended March 31, 2023** | **For the Year Ended March 31, 2022** |
|---|---|---|
| **Segment Revenue** | | |
| a) Financing Activity | **12,14,419** | 9,29,254 |
| b) Investment Activity | **1,65,788** | 1,01,407 |
| c) Others | **50,067** | 50,652 |
| **Total** | **14,30,274** | **10,81,313** |
| Less : Inter Segment Revenue | **66,782** | 50,226 |
| Add : Interest on Income Tax Refund | **208** | 54 |
| **Total Income** | **13,63,700** | **10,31,141** |
| **Segment Results** | | |
| a) Financing Activity | **3,19,999** | 2,09,733 |
| b) Investment Activity | **77,948** | 30,892 |
| c) Others | **9,072** | 4,574 |
| **Total** | **4,07,019** | **2,45,199** |
| Less : Unallocated Corporate Expenses | **28,033** | 21,391 |
| Add: Share of profit of associates | **14,670** | 10,964 |
| **Profit before taxation** | **3,93,656** | **2,34,772** |
| Less : Provision for taxation | **99,079** | 54,691 |
| **Profit after taxation** | **2,94,577** | **1,80,081** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|
| **Segment Assets** | | |
| a) Financing Activity | **1,20,80,543** | 92,30,691 |
| b) Investment Activity | **13,37,115** | 8,21,653 |
| c) Others | **42,235** | 47,067 |
| d) Unallocated | **96,332** | 1,38,145 |
| **Total** | **1,35,56,225** | **1,02,37,556** |
| **Segment Liabilities** | | |
| a) Financing Activity | **1,11,92,198** | 84,20,817 |
| b) Investment Activity | **4,18,942** | 3,91,023 |
| c) Others | **71,251** | 77,700 |
| d) Unallocated | **58,967** | 64,417 |
| **Total** | **1,17,41,358** | **89,53,957** |

| Particulars | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|
| **Capital Expenditure (Including Capital Work-In-Progress)** | | |
| a) Financing Activity | **4,376** | 501 |
| b) Investment Activity | **-** | 2 |
| c) Others | **16,423** | 3,493 |
| d) Unallocated | **-** | - |
| **Total** | **20,799** | **3,996** |
| **Depreciation and Amortisation** | | |
| a) Financing Activity | **5,731** | 4,352 |
| b) Investment Activity | **87** | 70 |
| c) Others | **13,546** | 20,525 |
| d) Unallocated | **3,238** | 2,641 |
| **Total** | **22,602** | **27,588** |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Geographical information:**

(₹ in lakh)

| Particulars | Revenue by location of customers | |
|---|---|---|
| | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
| a) India | **13,55,173** | 10,18,338 |
| b) Singapore | **8,527** | 12,639 |
| c) United Kingdom | **-** | 164 |
| **Total** | **13,63,700** | **10,31,141** |

(₹ in lakh)

| Particulars | Total assets by location of customers | |
|---|---|---|
| | As March 31, 2023 | As March 31, 2022 |
| a) India | **1,34,87,940** | 1,01,70,941 |
| b) Singapore | **68,285** | 66,615 |
| **Total** | **1,35,56,225** | **1,02,37,556** |

**Note 40: Disclosure persuant to Ind AS 7 "Statement of Cash Flows"**

Changes in Liabilities arising from financing activities

**March 31, 2023**

(₹ in lakh)

| Particulars | April 1, 2022 | Cash Flows | Exchange Difference | Others* | March 31, 2023 |
|---|---|---|---|---|---|
| Debt Securities | **40,69,140** | **10,31,689** | **-** | **36,729** | **51,37,558** |
| Borrowings (Other than debt securities) | **38,63,992** | **15,70,825** | **14,164** | **44,432** | **54,93,413** |
| Subordinated liabilities | **6,88,845** | **949** | **-** | **12,826** | **7,02,620** |
| **Total** | **86,21,977** | **26,03,463** | **14,164** | **93,987** | **1,13,33,591** |

Note: *Includes the effect of amortisation of borrowing cost, amortisation of premium/discount on CPs/NCDs and interest accrued

**March 31, 2022**

(₹ in lakh)

| Particulars | April 1, 2021 | Cash Flows | Exchange Difference | Others* | March 31, 2022 |
|---|---|---|---|---|---|
| Debt Securities | 31,93,375 | 8,65,556 | - | 10,209 | 40,69,140 |
| Borrowings (Other than debt securities) | 31,22,451 | 7,41,822 | (1,441) | 1,160 | 38,63,992 |
| Subordinated liabilities | 5,90,482 | 95,320 | - | 3,043 | 6,88,845 |
| **Total** | **69,06,308** | **17,02,698** | **(1,441)** | **14,412** | **86,21,977** |

Note: *Includes the effect of amortisation of borrowing cost, amortisation of premium/discount on CPs/NCDs and interest accrued

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note 41: Revenue from contracts with customers**

**a. Below table provides disaggregation of the Group's revenue from contracts with customers**

(₹ in lakh)

| Particulars | | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| i | Type of revenue | | |
| | - Fee and commission income | **31,414** | 26,131 |
| | - Branch advertisement income | **8,973** | 5,990 |
| | - Income from managerial services | **21,979** | 15,787 |
| | Total | **62,366** | 47,908 |
| ii. | Primary geographical market: | | |
| | - Outside India | **6,388** | 5,218 |
| | - India | **55,978** | 42,690 |
| | Total revenue from contracts with customer | **62,366** | 47,908 |
| iii. | Timing of revenue recognition | | |
| | - at a point in time upon rendering services | **51,070** | 38,167 |
| | - over period of time upon rendering services | **11,296** | 9,741 |
| | Total | **62,366** | 47,908 |
| iv. | Trade receivables towards contracts with customers | | |
| | - Opening Balance | **2,891** | 2,046 |
| | - Closing Balance | **7,113** | 2,891 |
| v. | Impairment on trade receivables towards contracts with customers | **1,577** | (17) |

The unbilled revenue of ₹ 1,552 lakh as at March 31, 2023 (as at March 31, 2022 : ₹ 1,482 lakh) has been considered as Contract assets, which are billable on completion of milestones specified in the contracts.

As on March 2023/2022, the Group doesn't have any unsatisified/partially satisified performance obligation.

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

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Revenue reported as per IndAS 108 Segment Reporting | **13,63,700** | 10,31,141 |
| Less: | | |
| (a) Revenue reported as per IndAS 109-Financial Instruments | **11,92,885** | 9,46,211 |
| (b) Revenue reported as per IndAS 116-Leases | **26,926** | 30,339 |
| (c) Revenue reported as per IndAS 28-Investments in Associates and Joint Ventures | **81,457** | 5,714 |
| (d) Revenue reported as per IndAS 16-Property, Plant and Equipment | **-** | 914 |
| (e) Revenue reported as per IndAS 12-Income Taxes | **66** | 55 |
| **Revenue reported as per IndAS 115 Revenue from contract with customers** | **62,366** | 47,908 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note 42: 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:**

| Relation with related party | Name of related party |
|---|---|
| Holding Company | Tata Sons Private Limited |
| Associates and Fellow Associates<br>(with which the company had transactions) | Fincare Business Services Limited<br>Fincare Small Finance Bank Limited<br>TVS Supply Chain Solutions Limited<br>Alef Mobitech Solutions Private Limited<br>Atulaya Healthcare Private Limited (w.e.f. 20.07.2021)<br>Cnergyis Infotech India Private Limited<br>(w.e.f. 10.01.2022)<br>Deeptek Inc, a Delaware Corporation<br>(w.e.f. 28.02.2022)<br>Indusface Private Limited<br>Kapsons Industries Private Limited<br>Linux Laboratories Private Limited (w.e.f. 22.02.2021)<br>Cellcure Cancer Centre Private Limited<br>(w.e.f 28.12.2022)<br>Anderson Diagnostic Services Pvt. Ltd.<br>(w.e.f 08.06.2022)<br>Lokmanaya Hospital Private Limited<br>Novalead Pharma Private Limited<br>Sea6 Energy Private Limited<br>Tata Projects Limited<br>Tata Play Limited (formerly Tata Sky Limited)<br>Tata Technologies Limited<br>(ceased to be Associate w.e.f 12.12.2022)<br>TEMA India Limited<br>Vortex Engineering Private Limited<br>Tata Autocomp Systems Limited<br>(ceased to be Associate w.e.f 23.03.2023)<br>Roots Corporation Limited<br>(ceased to be Associate w.e.f. 25.03.2022)<br>Shriram Properties Limited<br>(ceased to be related party w.e.f 22.12.2021)<br>Pluss Advances Technologies Private Limited<br>(ceased to be related party w.e.f. 06.10.2021) |
| Post Employment Benefit Plan | Tata Capital Limited Gratuity Scheme<br>Tata Capital Limited Employees Provident Fund<br>Tata Capital Limited Superannuation Scheme |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | |
|---|---|
| Key Management Personnel | Mr. Saurabh Agrawal - Chairman and Non-Executive Director<br>Mr. F. N. Subedar - Non-Executive Director<br>Ms. Aarthi Subramanian - Non-Executive Director<br>Ms. Malvika Sinha - Independent Director<br>Ms. Varsha Purandare- Independent Director<br>Mr V.S. Radhakrishnan- Independent Director (appointed w.e.f 23.03.2023)<br>Mr Mathew Cyriac- Independent Director (appointed w.e.f 23.03.2023)<br>Mr. Rajiv Sabharwal - Managing Director & CEO<br>Mr. Rakesh Bhatia- Chief Financial Officer<br>Ms. Sarita Kamath - Company Secretary |
| Key Management Personnel - relatives (with whom the company had transactions) | Mrs Sangeeta Sabharwal |
| Subsidiaries, Associates and Joint Venture of ultimate holding company (with which the company had transactions) | AIX Connect Private Limited (formerly AirAsia (India) Limited)<br>Infiniti Retail Limited<br>Tata Advanced Systems Limited<br>Tata AIG General Insurance Company Limited<br>Tata Asset Management Private Limited (formerly Tata Asset Management Limited)<br>Tata Technologies Limited<br>Tata Autocomp Systems Limited<br>Tata Business Hub Limited<br>Tata Consultancy Services Limited<br>Tata Digital Private Limited (formerly Tata Digital Limited)<br>Tata Electronics Private Limited (formerly TRIL Bengaluru Real Estate Four Private Limited)<br>Tata Elxsi Limited<br>Tata International Limited<br>Tata Medical and Diagnostics Limited<br>Tata Realty and Infrastructure Limited<br>Tata Teleservices (Maharashtra) Limited<br>Tata Teleservices Limited<br>Tata Trustee Company Private Limited (formerly Tata Trustee Company Limited)<br>Tata Toyo Radiator Limited<br>Innovative Retail Concepts Private Limited<br>Jaguar Land Rover Automotive plc<br>Tata 1mg Technologies Private Limited<br>Tata Unistore Limited<br>Tata Communications Limited<br>Tata Communications Transformation Services Limited<br>Niskalp Infrastructure Services Limited (formerly Niskalp Energy Limited) |

| | |
|---|---|
| | Stryder Cycle Private Limited<br>Savis Retail Private Limited<br>Tata Consumer Products Limited (formerly Tata Global Beverages Limited)<br>Tata Motors Limited<br>Tata Steel Limited<br>The Associated Building Company Limited<br>The Indian Hotels Company Limited<br>The Tata Power Company Limited<br>Titan Company Limited<br>Trent Limited<br>Voltas Limited<br>Tata AIA Life Insurance Company Limited<br>Tata Industries Limited<br>Coastal Gujarat Power Limited<br>Maithon Power Limited<br>Nelco Limited<br>Tata Power Delhi Distribution Limited<br>Tata Power Solar Systems Limited<br>Tata Power Trading Company Limited<br>TP Ajmer Distribution Limited<br>TP Central Odisha Distribution Limited<br>TP Northern Odisha Distribution Limited<br>TP Renewable Microgrid Limited<br>TP Southern Odisha Distribution Limited<br>TP Western Odisha Distribution Limited<br>Walwhan Renewable Energy Limited<br>Tata Motors Finance Limited (formerly Sheba Properties Limited)<br>Tata Motors Passenger Vehicles Limited (formerly TML Business Analytics Services Limited)<br>Tata Passenger Electric Mobility Limited<br>TML Business Services Limited (formerly Concorde Motors (India) Limited)<br>Indian Steel & Wire Products Ltd.<br>Tata Metaliks Ltd.<br>Tata Steel Downstream Products Limited<br>Tata Steel Utilities and Infrastructure Services Limited (formerly Jamshedpur Utilities & Services Company Limited)<br>Ideal Ice & Cold Storage Company Limited<br>Piem Hotels Limited<br>United Hotels Limited<br>Roots Corporation Limited<br>Fiora Hypermarket Limited<br>Air International TTR Thermal Systems Private Limited (formerly Air International TTR Thermal Systems Limited) |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | |
|---|---|
| | Tata Boeing Aerospace Limited (formerly Tata Aerospace Limited)<br>Tata Lockheed Martin Aerostructures Limited<br>Tata Sikorsky Aerospace Limited (formerly Tara Aerospace Systems Limited)<br>Tata Precision Industries (India) Limited<br>Industrial Minerals and Chemicals Company Private Ltd.<br>Air India SATS Airport Services Private Ltd.<br>Emerald Haven Realty Limited<br>Automotive Stampings and Assemblies Limited<br>Mikado Realtors Private Limited<br>Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited)<br>Tata Steel BSL Limited (formerly Bhushan Steel Limited)<br>Tata Ficosa Automotive Systems Private Limited (Tata Ficosa Automotive Systems Limited)<br>TP Luminaire Private Limited<br>Supermarket Grocery Supplies Private Limited<br>Land kart Builders Private Limited<br>Tata Motors Body Solutions Limited (Formerly Tata Marcopolo Motors Limited)<br>Tata Consulting Engineers Limited<br>Tata Investment Corporation Limited<br>Tata Chemicals Limited<br>Tata Coffee Staff Provident Fund Trust<br>Rallis India Limited Provident Fund<br>Tata Steel Ltd Provident Fund<br>Tata Chemicals Ltd Provident Fund<br>Tata Power Consolidated Provident Fund<br>Tata Tea Limited Staff Pension Fund<br>Tata Steel Long product Limited employees providend fund trust<br>Titan Industries Gratuity Fund<br>Taj Residency Employees Provident fund Trust (Bangalore unit)<br>The Tinplate Company of India Ltd. Gratuity Fund<br>The Tinplate Company Executive Staff Superannuation Fund<br>The Provident Fund of The Tinplate Company of India Ltd<br>Titan Watches Provident Fund<br>Voltas Managerial Staff Provident Fund<br>Tata Communications Employee's Provident Fund Trust<br>Tata Elxsi (India) Ltd. Employees Provident Fund<br>Tata Sons Consolidated Provident Fund<br>Tata Sons Consolidated Superannuation Fund<br>Tata Sons Limited H.O. Employees' Gratuity Fund<br>Tata Motors Limited Gratuity Fund<br>Tata International Limited Gratuity Fund |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| | |
|---|---|
| | Tata Housing Development Company Ltd - Employees Provident Fund<br>Tata Metaliks Ltd Employees Provident fund<br>The Indian Hotels Company Limited Employees Provident Fund<br>Voltas Limited Employees' Superannuation Scheme<br>Voltas Limited Provident Fund<br>Tata Industries Superannuation Fund Trust<br>TCE Employees' Providend Fund<br>Tata Investment Corporation Limited - Provident Fund<br>Titan Watches Superannuation Fund |

**b) Transactions with related parties**

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 1 | **Tata Sons Private Limited** | **Income** | Interest Income on Finance Lease | **4** | 16 |
| | | | Operating Lease rental | **71** | 742 |
| | | | Foreclosure Charges | **131** | - |
| | | | Reimbursement of Stamp duty on transfer of shares | **11** | - |
| | | **Expenses** | BEBP Expenses | **3,843** | 2,653 |
| | | | Dividend paid on equity shares | **5,319** | - |
| | | | Professional Fees | **28** | 7 |
| | | | Staff Welfare Expenses | **-** | 0* |
| | | | Training Expenses | **10** | 0* |
| | | **Other transactions** | Issue of equity shares during the year (including Securities Premium) | **56,509** | - |
| | | | Sale of fixed assets | **597** | 9 |
| | | | Finance Lease Facility repayment received during period | **71** | 205 |
| | | | Proceeds from sale of shares of Tata Autocomp Systems Limited | **90,000** | - |
| | | **Assets** | Finance Lease Facility Principal receivable | **-** | 71 |
| | | | Finance lease accrued income & other receivables | **-** | 0* |
| | | | Other Receivables | **11** | 3 |
| | | **Liabilities** | Equity shares held | **3,36,868** | 3,32,458 |
| | | | Other Payables | **3,843** | 2,658 |
| 2 | **Fincare Business Services Limited** | **Income** | Interest Income on Loan | **245** | 316 |
| | | **Other transactions** | Loan given during period | **-** | - |
| | | | Loan repayment received during period | **2,023** | 1,830 |
| | | **Assets** | Loan Principal receivable | **-** | 2,023 |
| | | | Loan accrued interest receivable | **-** | 0* |
| | | | Investment in Equity Shares | **845** | 848 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 3 | Fincare Small Finance Bank Limited | Income | Interest Income on Loan | 409 | 409 |
| | | Other transactions | Investment in Equity during period | - | 119 |
| | | Assets | Loan Principal receivable | 3,616 | 3,616 |
| | | | Loan accrued interest receivable | 13 | 13 |
| | | | Investment in Equity Shares | 142 | 150 |
| 4 | TVS Supply Chain Solutions Limited | Income | Interest Income on Loan | - | - |
| | | | Income on Invoice Discounting | 28 | 47 |
| | | Other transactions | Proceeds from Divestment of Equity during period | - | - |
| | | | Loan repayment received during period | - | - |
| | | | Invoice discounted during period | 5,635 | 4,551 |
| | | | Invoice discounted repayment received during period | 5,932 | 4,635 |
| | | Assets | Invoice Discounted receivable | 212 | 508 |
| | | | Invoice Discounting other receivables | 1 | 2 |
| | | | Investment in Equity Shares | 815 | 808 |
| | | Commitments | Off balance sheet exposure | 777 | 492 |
| 5 | Alef Mobitech Solutions Private Limited | Assets | Investment in Equity | 1,093 | 1,093 |
| | | | Investment in Preference Shares | 1,712 | 1,712 |
| | | | Provision for Diminution in value of Investment | (2,804) | (2,804) |
| 6 | Atulaya Healthcare Private Limited | Other transactions | Investment in Equity Shares during period | - | 1 |
| | | | Investment in Preference Shares during period | 1,500 | 3,999 |
| | | Assets | Investment in Equity | 1 | 1 |
| | | | Investment in Preference Shares | 5,499 | 3,999 |
| 7 | Cnergyis Infotech India Private Limited | Income | Reimbursement of Legal expenses received | - | 33 |
| | | Other transactions | Investment in Equity Shares during period | - | 5,000 |
| | | Assets | Investment in Equity | 5,013 | 5,709 |
| | | | Investment in Preference Shares | 2,091 | 2,091 |
| | | | Other Receivables | - | 33 |
| 8 | Deeptek Inc, a Delaware Corporation | Other transactions | Investment in Preference Shares during period | - | 4,340 |
| | | Assets | Investment in Preference Shares | 4,986 | 4,340 |
| 9 | Indusface Private Limited | Expenses | Information Technology Expenses | 15 | 13 |
| | | Other transactions | Reimbursement of Legal expenses received | - | - |
| | | Assets | Investment in Equity | 2,909 | 3,274 |
| | | Liabilities | Other Payables | 5 | 4 |
| 10 | Kapsons Industries Private Limited | Assets | Investment in Equity | 1 | 1 |
| | | | Investment in Preference Shares | 6,000 | 6,000 |
| | | | Provision for Diminution in value of Investment | (6,001) | (6,001) |
| 11 | Linux Laboratories Private Limited | Other transactions | Reimbursement of Legal expenses received | - | - |
| | | Assets | Investment in Equity | 1,504 | 1,508 |
| | | | Investment in Preference Shares | 3,500 | 3,500 |
| 12 | Cellcure Cancer Centre Private Limited | Other transactions | Investment in Preference Shares during period | 7,500 | - |
| | | Assets | Investment in Preference Shares | 7,500 | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | | Nature of Transactions | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 13 | Anderson Diagnostic Services Pvt. Ltd. | Other transactions | Investment in Preference Shares during period | 4,000 | - |
| | | Assets | Investment in Equity | 1,503 | - |
| | | | Investment in Preference Shares | 4,000 | - |
| 14 | Lokmanaya Hospital Private Limited | Assets | Investment in Preference Shares | 2,464 | 2,464 |
| 15 | Novalead Pharma Private Limited | Assets | Investment in Equity | 2,282 | 2,282 |
| | | | Provision for Diminution in value of Investment | (1,332) | (792) |
| 16 | Sea6 Energy Private Limited | Assets | Investment in Equity | 1,074 | 2,552 |
| 17 | Tata Projects Limited | Income | Interest Income on Finance Lease | 2,032 | 852 |
| | | | Operating Lease rental | 4,018 | 6,185 |
| | | | Management Fees | - | 702 |
| | | | Interest Income on Loan | 3,095 | 1,137 |
| | | | Foreclosure Charges | 1 | - |
| | | Other transactions | Investment in Equity during period | - | 2,655 |
| | | | Sale of fixed assets | 1,230 | 336 |
| | | | Purchase of Fixed Assets | 5,712 | - |
| | | | Finance Lease Facility provided during period | 11,911 | 4,270 |
| | | | Finance Lease Facility repayment received during period | 3,844 | 1,568 |
| | | | Loan given during period | - | 50,000 |
| | | | Loan repayment received during period | - | 8,800 |
| | | | Security deposit received during period | 27 | 84 |
| | | | Security deposit repaid / adjusted during period | 27 | - |
| | | Assets | Finance Lease Facility Principal receivable | 14,546 | 6,480 |
| | | | Finance lease accrued income & other receivables | 21,031 | 2,449 |
| | | | Loan Principal receivable | 41,200 | 41,200 |
| | | | Loan accrued interest receivable | 1,356 | 939 |
| | | | Investment in Equity | 4,000 | 6,247 |
| | | | Other Receivables | 417 | 288 |
| | | Liabilities | Security deposit payable | 778 | 778 |
| | | Commitments | Off balance sheet exposure | 37,087 | 19,130 |
| 18 | Tata Play Limited | Assets | Investment in Equity | 5,577 | 5,717 |
| 19 | Tema India Limited | Income | Dividend Income | 24 | - |
| | | | Interest Income on Loan | 6 | 8 |
| | | Other transactions | Loan repayment received during period | 16 | 16 |
| | | Assets | Investment in Equity | 4,509 | 4,204 |
| | | | Loan Principal receivable | 39 | 56 |
| | | | Loan accrued interest receivable | 0* | 0* |
| | | | Investment in Preference Shares | - | 300 |
| 20 | Vortex Engineering Private Limited | Assets | Investment in Equity | 2,900 | 2,900 |
| | | | Provision for Diminution in value of Investment | (2,275) | (2,050) |
| 21 | Tata Capital Limited Gratuity Scheme | Expenses | Contribution to Gratuity fund | 865 | 95 |
| | | Liabilities | Provision for Trust's exposure to investment in IL & FS | 140 | 140 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 22 | Tata Capital Limited Employees Provident Fund | Expenses | Contribution to Provident Fund | 2,777 | 1,882 |
| | | Other transactions | Employees Contribution to Provident Fund | 4,410 | 2,993 |
| | | | Interest paid on Non Convertible Debentures | 5 | 16 |
| | | Liabilities | Other Payables | 518 | 157 |
| | | | Payable towards Non Convertible Debentures | 50 | 50 |
| | | | Provision for Trust's exposure to investment in IL & FS | 285 | 285 |
| 23 | Tata Capital Limited Superannuation Scheme | Expenses | Contribution to Superannuation | 170 | 167 |
| | | Liabilities | Other Payables | 7 | 4 |
| 24 | AIX Connect Private Limited | Income | Interest Income on Loan | 4,455 | 1,824 |
| | | | Management Fees | - | 65 |
| | | | Processing Fees | - | 100 |
| | | Other transactions | Loan given during period | 37,000 | 73,000 |
| | | | Loan repayment received during period | 46,005 | 46,994 |
| | | Assets | Loan Principal receivable | 36,995 | 46,000 |
| | | | Loan accrued interest receivable | 274 | 199 |
| | | | Revenue received in advance | - | (99) |
| | | Commitments | Off balance sheet exposure | - | 10,000 |
| 25 | Infiniti Retail Limited | Income | Operating Lease rental | - | 32 |
| | | | Management Fees | - | - |
| | | | Interest Income on Finance Lease | 74 | 30 |
| | | | Interest Income on Loan | - | - |
| | | Expenses | Commission Expenses | 74 | 39 |
| | | | Staff Welfare Expenses | 4 | - |
| | | Other transactions | Finance Lease Facility provided during period | 517 | 546 |
| | | | Finance Lease Facility repayment received during period | 294 | 82 |
| | | | Security deposit received during period | 69 | 49 |
| | | | Security deposit repaid / adjusted during period | 2 | 36 |
| | | | Loan given during period | - | - |
| | | | Loan repayment received during period | - | - |
| | | | Payments towards Net Settlement Reward points | 1,539 | 1,497 |
| | | | Purchase of Fixed Assets | 0* | - |
| | | Assets | Finance Lease Facility Principal receivable | 702 | 479 |
| | | | Finance lease accrued income & other receivables / (Payable) | (5) | (3) |
| | | | Balance Receivable / (Payable) | - | - |
| | | | Other Receivables | - | 0* |
| | | Liabilities | Security deposit payable | 112 | 45 |
| | | | Other Payables | 2 | 0* |
| | | Commitments | Off balance sheet exposure | 1,250 | 694 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 26 | Tata Advanced Systems Limited | Income | Interest Income on Finance Lease | 68 | 54 |
| | | | Syndication Fees | - | - |
| | | Other transactions | Finance Lease Facility provided during period | 315 | 199 |
| | | | Finance Lease Facility repayment received during period | 158 | 119 |
| | | | Security deposit received during period | 1 | - |
| | | Assets | Finance Lease Facility Principal receivable | 471 | 313 |
| | | | Finance lease accrued income & other receivables | 224 | 94 |
| | | Liabilities | Security deposit payable | 1 | - |
| | | Commitments | Off balance sheet exposure | 616 | 716 |
| 27 | Tata AIG General Insurance Company Limited | Income | Commission Income on Insurance | 991 | 591 |
| | | Other transactions | Interest paid on Non Convertible Debentures | 1,015 | 640 |
| | | Expenses | Insurance Expenses | 159 | 114 |
| | | Assets | Payable towards Non Convertible Debentures | 12,446 | 12,446 |
| | | | Balance Receivable (advance paid) | - | - |
| | | | Other Receivables | 260 | 190 |
| 28 | Tata Asset Management Private Limited | Income | Fee Income | - | 85 |
| | | | Portfolio Management Services | 63 | 31 |
| | | Assets | Other Receivables | 1 | 2 |
| 29 | Tata Technologies Limited | Income | Interest Income on Finance Lease | 0* | 3 |
| | | Expenses | Information Technology Expenses | 437 | 526 |
| | | Other transactions | Finance Lease Facility provided during period | - | - |
| | | | Finance Lease Facility repayment received during period | 0* | 28 |
| | | | Sale of Investment in equity | 7,948 | - |
| | | Assets | Finance Lease Facility Principal receivable | 0* | 0* |
| | | | Finance lease accrued income & other receivables | 0* | (0)* |
| | | | Investment in Equity | - | 10,682 |
| | | Liabilities | Other Payables | 103 | 109 |
| 30 | Tata Autocomp Systems Limited | Income | Operating Lease rental | 572 | 718 |
| | | | Dividend Income | 1,932 | - |
| | | Other transactions | Security deposit received during period | - | 21 |
| | | | Security deposit repaid / adjusted during period | 473 | - |
| | | Assets | Other Receivables | 542 | 694 |
| | | | Investment in Equity | 2,46,219 | 45,874 |
| | | Liabilities | Security deposit payable | - | 473 |
| | | Commitments | Off balance sheet exposure | 2,130 | 6,552 |
| 31 | Tata Business Hub Limited | Income | Interest Income on Finance Lease | 28 | 12 |
| | | Other transactions | Finance Lease Facility provided during period | 142 | 217 |
| | | | Finance Lease Facility repayment received during period | 78 | 24 |
| | | Assets | Finance Lease Facility Principal receivable | 257 | 193 |
| | | | Finance lease accrued income & other receivables / (Payable) | (2) | (2) |
| | | Commitments | Off balance sheet exposure | - | 244 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 32 | Tata Consultancy Services Limited | Income | Interest Income on Finance Lease | 66 | 52 |
| | | | Operating Lease rental | 411 | 490 |
| | | Expenses | Information Technology Expenses | 7,903 | 11,874 |
| | | Other transactions | Purchase of Fixed Assets | 155 | 36 |
| | | | Finance Lease Facility provided during period | 523 | 149 |
| | | | Finance Lease Facility repayment received during period | 231 | 115 |
| | | | Security deposit received during period | 58 | 43 |
| | | | Security deposit repaid / adjusted during period | 8 | 21 |
| | | Assets | Finance Lease Facility Principal receivable | 524 | 232 |
| | | | Finance lease accrued income & other receivables / (Payable) | (17) | 13 |
| | | | Other Receivables | - | - |
| | | Liabilities | Other Payables | 2,953 | 4,385 |
| | | | Security deposit payable | 228 | 178 |
| | | Commitments | Off balance sheet exposure | - | 766 |
| 33 | Tata Digital Private Limited | Income | Interest Income on Loan | 1,369 | 4,307 |
| | | Expenses | Commission Expenses | 449 | - |
| | | | Business Promotion Expenses | - | 0* |
| | | Other Transactions | Loan given during period | 90,000 | 1,30,000 |
| | | | Loan repayment received during period | 90,000 | 1,30,000 |
| | | Liabilities | Other Payables | - | 0* |
| | | Commitments | Off balance sheet exposure | 500 | - |
| 34 | Tata Electronics Private Limited | Income | Interest Income on Finance Lease | 207 | 41 |
| | | Other transactions | Finance Lease Facility provided during period | 2,982 | 946 |
| | | | Finance Lease Facility repayment received during period | 967 | 149 |
| | | | Security deposit received during period | - | 15 |
| | | Assets | Finance Lease Facility Principal receivable | 2,812 | 797 |
| | | | Finance lease accrued income & other receivables | 432 | 1,989 |
| | | Liabilities | Security Deposit Payable | 15 | 15 |
| | | Commitments | Off balance sheet exposure | 3,126 | 1,322 |
| 35 | Tata Elxsi Limited | Income | Interest Income on Finance Lease | 25 | 12 |
| | | Other transactions | Finance Lease Facility provided during period | 97 | 150 |
| | | | Finance Lease Facility repayment received during period | 43 | 14 |
| | | Assets | Finance Lease Facility Principal receivable | 190 | 136 |
| | | | Finance lease accrued income & other receivables | 28 | 31 |
| | | Commitments | Off balance sheet exposure | - | 485 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 36 | Tata International Limited | Income | Interest Income on Finance Lease | 17 | 12 |
| | | Expenses | Dividend paid on equity shares | 1 | - |
| | | Other transactions | Finance Lease Facility provided during period | 92 | - |
| | | | Finance Lease Facility repayment received during period | 37 | 33 |
| | | | Security deposit repaid / adjusted during period | 21 | - |
| | | Assets | Finance Lease Facility Principal receivable | 100 | 44 |
| | | | Finance lease accrued income & other receivables | 28 | 16 |
| | | Liabilities | Equity shares held | 79 | 79 |
| | | | Security deposit payable | - | 21 |
| | | Commitments | Off balance sheet exposure | 356 | 39 |
| 37 | Tata Medical and Diagnostics Limited | Expenses | Staff Welfare Expenses | - | 0* |
| | | Income | Interest Income on Finance Lease | 4 | 0* |
| | | Other transactions | Finance Lease Facility provided during period | 27 | - |
| | | | Finance Lease Facility repayment received during period | 3 | - |
| | | Assets | Finance Lease Facility Principal receivable | 24 | - |
| | | | Finance lease accrued income & other receivables | 8 | 50 |
| | | Commitments | Off balance sheet exposure | - | 550 |
| 38 | Tata Realty and Infrastructure Limited | Income | Interest Income on Loan | 62 | - |
| | | Other transactions | Loan given during period | 9,500 | - |
| | | | Loan repayment received during period | 9,500 | - |
| 39 | Tata Teleservices (Maharashtra) Limited | Expenses | Communication Expenses | 145 | 117 |
| | | Liabilities | Other Payables | 8 | 2 |
| 40 | Tata Teleservices Limited | Income | Interest Income on Finance Lease | 7 | 18 |
| | | Expenses | Communication Expenses | 33 | 31 |
| | | Other transactions | Finance Lease Facility provided during period | - | 18 |
| | | | Finance Lease Facility repayment received during period | 53 | 81 |
| | | Assets | Finance Lease Facility Principal receivable | - | 79 |
| | | | Finance lease accrued income & other receivables / (Payable) | - | (25) |
| | | | Other Receivables | - | - |
| | | Liabilities | Other Payables | 1 | - |
| 41 | Tata Trustee Company Private Limited | Expenses | Legal and Professional fees | 32 | 32 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 42 | Tata Toyo Radiator Limited | Income | Operating Lease rental | 2,019 | 2,086 |
| | | | Management Fees | - | - |
| | | | Interest Income on Loan | - | 68 |
| | | Other transactions | Security deposit received during period | 323 | 22 |
| | | | Security deposit repaid / adjusted during period | 1,501 | - |
| | | | Loan repayment received during period | - | 2,500 |
| | | | Loan given during period | - | - |
| | | Assets | Other Receivables | 1,863 | 2,053 |
| | | | Loan Principal receivable | - | - |
| | | | Loan accrued interest receivable | - | - |
| | | Liabilities | Security deposit payable | 10 | 1,188 |
| | | Commitments | Off balance sheet exposure | - | 286 |
| 43 | Innovative Retail Concepts Private Limited | Expenses | Staff Welfare Expenses | 2 | 1 |
| | | Liabilities | Other Payables | 0* | 0* |
| 44 | Jaguar Land Rover Automotive plc | Income | Interest Income on Bonds | 661 | 231 |
| | | Other transactions | Investment in Debentures during period | 5,123 | 4,754 |
| | | | Receipts from maturity of Bonds | - | - |
| | | Assets | Investment in Debentures | 7,284 | 6,205 |
| 45 | Tata 1mg Technologies Private Limited | Expenses | Staff Welfare Expenses | 0* | - |
| 46 | Tata Unistore Limited (w.e.f 09.12.2022) | Expenses | Staff Welfare Expenses | 1 | - |
| 47 | Tata Communications Limited | Income | Interest Income on Finance Lease | - | - |
| | | Expenses | Information Technology Expenses | 705 | 527 |
| | | Other transactions | Finance Lease Facility repayment received during period | - | 1 |
| | | Assets | Finance Lease Facility Principal receivable | 4 | 4 |
| | | | Finance lease accrued income & other receivables / (Payable) | (1) | (1) |
| | | | Assigned receivables | 655 | - |
| | | Liabilities | Other Payables | 224 | 264 |
| 48 | Tata Communications Transformation Services Limited | Income | Interest Income on Finance Lease | - | 0* |
| | | Other transactions | Finance Lease Facility repayment received during period | - | 1 |
| | | Assets | Finance Lease Facility Principal receivable | - | 0* |
| | | | Finance lease accrued income & other receivables / (Payable) | - | (0)* |
| 49 | Niskalp Infrastructure Services Limited | Income | Recovery of Insurance Expenses | 1 | - |
| 50 | Stryder Cycle Private Limited | Commitments | Off balance sheet exposure | 300 | - |
| 51 | Savis Retail Private Limited | Expenses | Staff Welfare Expenses | - | 1 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 52 | **Tata Consumer Products Limited** | **Income** | Interest Income on Finance Lease | **18** | 8 |
| | | | Operating Lease rental | **61** | 63 |
| | | **Expenses** | Dividend paid on equity shares | **1** | - |
| | | **Other transactions** | Finance Lease Facility provided during period | **191** | - |
| | | | Finance Lease Facility repayment received during period | **32** | 18 |
| | | **Assets** | Finance Lease Facility Principal receivable | **227** | 68 |
| | | | Finance lease accrued income & other receivables | **3** | 4 |
| | | | Other Receivables | **37** | 33 |
| | | **Liabilities** | Equity shares held | **61** | 61 |
| | | **Commitments** | Off balance sheet exposure | **1,496** | 310 |
| 53 | **Tata Motors Limited** | **Income** | Interest Income on Finance Lease | **1,482** | 621 |
| | | | Interest Income on Bonds | **104** | 107 |
| | | | Management Fees | **1** | 9 |
| | | | Other Income | **8** | - |
| | | | Foreclosure Charges | **1** | 18 |
| | | **Expenses** | Dividend paid on equity shares | **7** | - |
| | | **Other transactions** | Receipts from maturity of Bonds | **-** | 2,266 |
| | | | Finance Lease Facility provided during period | **8,616** | 8,419 |
| | | | Finance Lease Facility repayment received during period | **2,561** | 2,838 |
| | | | Loan repayment received during period | **-** | - |
| | | **Assets** | Finance Lease Facility Principal receivable | **12,065** | 6,009 |
| | | | Finance lease accrued income & other receivables | **2,903** | 2,531 |
| | | | Investment in Debentures | **2,583** | 2,407 |
| | | **Liabilities** | Equity shares held | **433** | 433 |
| | | **Commitments** | Off balance sheet exposure | **5,612** | 5,515 |
| 54 | **Tata Steel Limited** | **Income** | Interest Income on Bonds | **235** | 184 |
| | | | Dividend Income | **9** | 4 |
| | | **Other transactions** | Investment in Debentures during the year | **-** | 1,685 |
| | | **Assets** | Investment in Equity | **184** | 230 |
| | | | Investment in Debentures | **5,714** | 5,518 |
| 55 | **The Associated Building Company Limited** | **Income** | Interest Income on Loan | **-** | 16 |
| | | **Other transactions** | Loan repayment received during the year | **-** | 256 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 56 | The Indian Hotels Company Limited | Income | Interest Income on Finance Lease | 2 | 5 |
| | | | Dividend Income | 0* | 0* |
| | | | Profit on sale of shares of Roots Corporation Limited | - | 923 |
| | | | Reimbursement of Stamp duty on transfer of shares | - | 0* |
| | | Expenses | Staff Welfare Expenses | 345 | 42 |
| | | | Membership expenses | - | 2 |
| | | Other transactions | Finance Lease Facility provided during period | - | 9 |
| | | | Finance Lease Facility repayment received during period | 8 | 35 |
| | | | Investment in Equity during period | - | 3 |
| | | | Proceeds from sale of shares of Roots Corporation Limited (Cost) | - | 2,062 |
| | | Assets | Investment in Equity | 64 | 47 |
| | | | Finance Lease Facility Principal receivable | 10 | 18 |
| | | | Finance lease accrued income & other receivables | 0* | 2 |
| | | Commitments | Off balance sheet exposure | - | 286 |
| 57 | The Tata Power Company Limited | Income | Interest Income on Finance Lease | 225 | 260 |
| | | | Income on Invoice Discounting | 12 | - |
| | | | Management Fees | - | - |
| | | Expenses | Dividend paid on equity shares | 4 | - |
| | | Other transactions | Finance Lease Facility provided during period | 117 | 972 |
| | | | Finance Lease Facility repayment received during period | 511 | 377 |
| | | | Invoice discounted during period | 14,644 | - |
| | | Assets | Finance Lease Facility Principal receivable | 1,147 | 1,540 |
| | | | Finance lease accrued income & other receivables | 182 | 223 |
| | | | Other Receivables | - | - |
| | | Liabilities | Equity shares held | 233 | 233 |
| | | Commitments | Off balance sheet exposure | - | 2,060 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 58 | Titan Company Limited | Income | Interest Income on Finance Lease | 12 | 6 |
| | | | Interest Income on Loan | 2 | - |
| | | Expenses | Staff Welfare Expenses | 0* | 1 |
| | | | Interest expenses on Inter Corporate Deposit | 155 | 35 |
| | | Other transactions | Security deposit received during period | - | 13 |
| | | | Loan given during period | 314 | - |
| | | | Loan repayment received during period | 1 | - |
| | | | Finance Lease Facility provided during period | - | 132 |
| | | | Finance Lease Facility repayment received during period | 13 | - |
| | | | Inter-Corporate Deposit received | 15,000 | 40,000 |
| | | | Inter-Corporate Deposit repaid | 15,000 | 40,000 |
| | | Assets | Finance Lease Facility Principal receivable | 119 | 132 |
| | | | Finance lease accrued income & other receivables | 1 | 6 |
| | | | Loan Principal receivable | 313 | - |
| | | | Loan accrued interest receivable | 2 | - |
| | | | Other Receivables | 1 | - |
| | | Liabilities | Security Deposit Payable | 13 | 13 |
| | | | Payable towards Non Convertible Debentures | 3,000 | - |
| | | Commitments | Off balance sheet exposure | - | - |
| 59 | Trent Limited | Other transactions | Payments towards Net Settlement Reward points | 316 | 246 |
| 60 | Voltas Limited | Expenses | Commission Expenses | 15 | 34 |
| | | | Repairs and Maintenance | 57 | 34 |
| | | | Dividend paid on Cumulative Redeemable Preference shares | 366 | 366 |
| | | Other transactions | Purchase of Fixed Assets | 381 | 36 |
| | | Liabilities | Cumulative Redeemable Preference Shares | 5,000 | 5,000 |
| | | | Other Payables | 8 | - |
| 61 | Tata AIA Life Insurance Company Limited | Income | Interest Income on Finance Lease | 57 | 26 |
| | | | Commission Income on Insurance | 495 | 346 |
| | | Expenses | Insurance Expenses | 465 | 261 |
| | | Other transactions | Finance Lease Facility provided during period | 413 | 105 |
| | | | Finance Lease Facility repayment received during period | 69 | 32 |
| | | | Interest paid on Non Convertible Debentures | 3,496 | 5,345 |
| | | Assets | Finance Lease Facility Principal receivable | 455 | 112 |
| | | | Finance lease accrued income & other receivables | 190 | 5 |
| | | | Other Receivables | 545 | 327 |
| | | | Balance Receivable (advance paid) | - | - |
| | | Liabilities | Payable towards Non Convertible Debentures | 51,500 | 41,200 |
| | | Commitments | Off balance sheet exposure | 1,030 | 432 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 62 | Tata Industries Limited | Income | Interest Income on Finance Lease | 143 | 205 |
| | | | Syndication Fees | 17 | 158 |
| | | | Foreclosure Charges | 4 | - |
| | | Expenses | Dividend paid on equity shares | 4 | - |
| | | Other transactions | Finance Lease Facility provided during period | 31 | 286 |
| | | | Finance Lease Facility repayment received during period | 475 | 485 |
| | | Assets | Finance Lease Facility Principal receivable | 914 | 1,358 |
| | | | Finance lease accrued income & other receivables / (Payable) | (18) | (12) |
| | | Liabilities | Equity shares held | 227 | 227 |
| | | Commitments | Off balance sheet exposure | - | 380 |
| 63 | Coastal Gujarat Power Limited | Income | Interest Income on Finance Lease | 31 | 34 |
| | | | Management Fees | - | - |
| | | Other transactions | Finance Lease Facility provided during period | - | 186 |
| | | | Finance Lease Facility repayment received during period | 58 | 36 |
| | | Assets | Finance Lease Facility Principal receivable | 187 | 245 |
| | | | Finance lease accrued income & other receivables / (Payable) | (0)* | (6) |
| | | Commitments | Off balance sheet exposure | - | 1,650 |
| 64 | Maithon Power Limited | Income | Interest Income on Finance Lease | 6 | 9 |
| | | Other transactions | Finance Lease Facility provided during period | - | 52 |
| | | | Finance Lease Facility repayment received during period | 11 | 11 |
| | | Assets | Finance Lease Facility Principal receivable | 51 | 62 |
| | | | Finance lease accrued income & other receivables / (Payable) | (2) | (2) |
| | | Commitments | Off balance sheet exposure | - | 1,784 |
| 65 | Nelco Limited | Income | Interest Income on Finance Lease | 8 | 4 |
| | | Other transactions | Finance Lease Facility provided during period | 59 | - |
| | | | Finance Lease Facility repayment received during period | 13 | 14 |
| | | Assets | Finance Lease Facility Principal receivable | 67 | 21 |
| | | | Finance lease accrued income & other receivables | 15 | 18 |
| | | Commitments | Off balance sheet exposure | 999 | - |
| 66 | Tata Power Delhi Distribution Limited | Expenses | Advertising Expenses | 0* | - |
| | | Liabilities | Other Payables | - | - |
| 67 | Tata Power Solar Systems Limited | Income | Interest Income on Finance Lease | 33 | 37 |
| | | | Operating Lease rental | - | - |
| | | Other transactions | Finance Lease Facility provided during period | 53 | 83 |
| | | | Finance Lease Facility repayment received during period | 92 | 82 |
| | | Assets | Finance Lease Facility Principal receivable | 169 | 208 |
| | | | Finance lease accrued income & other receivables / (Payable) | (7) | (13) |
| | | Commitments | Off balance sheet exposure | - | 3,413 |
| 68 | Tata Power Trading Company Limited | Income | Interest Income on Finance Lease | - | 0* |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 69 | TP Ajmer Distribution Limited | Income | Interest Income on Finance Lease | 2 | 1 |
| | | Other transactions | Finance Lease Facility provided during period | - | 9 |
| | | | Finance Lease Facility repayment received during period | 7 | 1 |
| | | Assets | Finance Lease Facility Principal receivable | 25 | 32 |
| | | | Finance lease accrued income & other receivables | 8 | 0* |
| | | Commitments | Off balance sheet exposure | 626 | 1,650 |
| 70 | TP Central Odisha Distribution Limited | Income | Interest Income on Finance Lease | 19 | 30 |
| | | Other transactions | Finance Lease Facility provided during period | - | 128 |
| | | | Finance Lease Facility repayment received during period | 36 | 35 |
| | | Assets | Finance Lease Facility Principal receivable | 56 | 93 |
| | | | Finance lease accrued income & other receivables | 1 | (2) |
| | | Commitments | Off balance sheet exposure | - | 1,698 |
| 71 | TP Northern Odisha Distribution Limited | Income | Interest Income on Finance Lease | 5 | 3 |
| | | Other transactions | Finance Lease Facility provided during period | 7 | 28 |
| | | | Finance Lease Facility repayment received during period | 12 | 2 |
| | | Assets | Finance Lease Facility Principal receivable | 21 | 27 |
| | | | Finance lease accrued income & other receivables | 3 | 16 |
| | | Commitments | Off balance sheet exposure | - | 3,452 |
| 72 | TP Renewable Microgrid Limited | Income | Interest Income on Finance Lease | 0* | - |
| | | Other transactions | Finance Lease Facility provided during period | 4 | - |
| | | | Finance Lease Facility repayment received during period | 0* | - |
| | | Assets | Finance Lease Facility Principal receivable | 4 | - |
| | | | Finance lease accrued income & other receivables | 0* | - |
| | | Commitments | Off balance sheet exposure | - | - |
| 73 | TP Southern Odisha Distribution Limited | Income | Interest Income on Finance Lease | 3 | 0* |
| | | Other transactions | Finance Lease Facility provided during period | 13 | - |
| | | | Finance Lease Facility repayment received during period | 1 | - |
| | | Assets | Finance Lease Facility Principal receivable | 11 | - |
| | | | Finance lease accrued income & other receivables | 2 | - |
| | | Commitments | Off balance sheet exposure | - | 3,487 |
| 74 | TP Western Odisha Distribution Limited | Income | Interest Income on Finance Lease | 8 | 2 |
| | | Other transactions | Finance Lease Facility provided during period | 9 | 47 |
| | | | Finance Lease Facility repayment received during period | 21 | 1 |
| | | Assets | Finance Lease Facility Principal receivable | 35 | 46 |
| | | | Finance lease accrued income & other receivables | 5 | 10 |
| | | Commitments | Off balance sheet exposure | - | 3,417 |
| 75 | Walwhan Renewable Energy Limited | Commitments | Off balance sheet exposure | 1,650 | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 76 | Tata Motors Finance Limited | Expenses | Rent expenses | 335 | 42 |
| | | Liabilities | Other Payables | 28 | 20 |
| 77 | Tata Motors Passenger Vehicles Limited | Income | Interest Income on Finance Lease | 486 | 215 |
| | | | Foreclosure Charges | 0* | - |
| | | Other transactions | Finance Lease Facility provided during period | 2,719 | 2,094 |
| | | | Finance Lease Facility repayment received during period | 733 | 141 |
| | | Assets | Finance Lease Facility Principal receivable | 3,938 | 1,953 |
| | | | Finance lease accrued income & other receivables | 934 | 691 |
| | | Commitments | Off balance sheet exposure | 1,476 | 4,802 |
| 78 | Tata Passenger Electric Mobility Limited | Income | Interest Income on Finance Lease | 54 | 16 |
| | | Other transactions | Finance Lease Facility provided during period | 507 | 145 |
| | | | Finance Lease Facility repayment received during period | 69 | 2 |
| | | Assets | Finance Lease Facility Principal receivable | 581 | 143 |
| | | | Finance lease accrued income & other receivables | 286 | 51 |
| | | Commitments | Off balance sheet exposure | 411 | 1,950 |
| 79 | TML Business Services Limited | Income | Operating Lease rental | 4 | - |
| | | | Interest Income on Finance Lease | 44 | 11 |
| | | | Foreclosure Charges | - | 42 |
| | | Other transactions | Sale of fixed asset | - | 13 |
| | | | Finance Lease Facility provided during period | 398 | - |
| | | | Finance Lease Facility repayment received during period | 76 | - |
| | | Assets | Finance Lease Facility Principal receivable | 322 | - |
| | | | Finance lease accrued income & other receivables | 67 | - |
| | | Liabilities | Other Payables | 6 | - |
| | | Commitments | Off balance sheet exposure | - | 42 |
| 80 | Indian Steel & Wire Products Ltd. | Income | Interest Income on Finance Lease | 12 | 9 |
| | | Other transactions | Finance Lease Facility provided during period | - | 44 |
| | | | Finance Lease Facility repayment received during period | 35 | 26 |
| | | Assets | Finance Lease Facility Principal receivable | 42 | 77 |
| | | | Finance lease accrued income & other receivables / (Payable) | (0)* | 4 |
| | | Commitments | Off balance sheet exposure | - | 1,230 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 81 | Tata Metaliks Ltd. | Income | Interest Income on Finance Lease | 22 | 7 |
| | | | Operating Lease rental | 9 | 31 |
| | | | Foreclosure Charges | 1 | - |
| | | Other transactions | Security deposit received during period | 18 | 9 |
| | | | Security deposit repaid / adjusted during period | - | - |
| | | | Finance Lease Facility provided during period | 287 | 74 |
| | | | Finance Lease Facility repayment received during period | 97 | 16 |
| | | | Sale of fixed assets | 4 | - |
| | | Assets | Finance Lease Facility Principal receivable | 257 | 68 |
| | | | Finance lease accrued income & other receivables / (Payable) | (2) | 27 |
| | | | Other Receivables | 0* | 1 |
| | | Liabilities | Security deposit payable | 29 | 22 |
| | | Commitments | Off balance sheet exposure | - | 6,484 |
| 82 | Tata Steel Downstream Products Limited | Income | Interest Income on Finance Lease | 0* | - |
| | | Other transactions | Finance Lease Facility provided during period | 32 | - |
| | | | Finance Lease Facility repayment received during period | - | - |
| | | Assets | Finance Lease Facility Principal receivable | 32 | - |
| | | | Finance lease accrued income & other receivables | 3 | - |
| | | Liabilities | Security deposit payable | - | - |
| | | Commitments | Off balance sheet exposure | 1,951 | - |
| 83 | Tata Steel Utilities and Infrastructure Services Limited | Income | Interest Income on Finance Lease | 56 | 19 |
| | | | Operating Lease rental | 88 | - |
| | | | Foreclosure Charges | 3 | - |
| | | Other transactions | Sale of fixed asset | - | - |
| | | | Finance Lease Facility provided during period | 312 | 216 |
| | | | Finance Lease Facility repayment received during period | 111 | 62 |
| | | | Security deposit received during period | 253 | 21 |
| | | | Security deposit repaid / adjusted during period | 80 | - |
| | | Assets | Finance Lease Facility Principal receivable | 386 | 185 |
| | | | Finance lease accrued income & other receivables | 6 | 0* |
| | | | Other Receivables | 68 | - |
| | | Liabilities | Security deposit payable | 203 | 29 |
| | | Commitments | Off balance sheet exposure | 3,208 | 981 |
| 84 | Ideal Ice & Cold Storage Company Limited | Income | Interest Income on Finance Lease | 6 | 3 |
| | | Other transactions | Finance Lease Facility provided during period | 57 | - |
| | | | Finance Lease Facility repayment received during period | 12 | - |
| | | Assets | Finance Lease Facility Principal receivable | 45 | - |
| | | | Finance lease accrued income & other receivables | 1 | 55 |
| | | Commitments | Off balance sheet exposure | - | 246 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 85 | Piem Hotels Limited | Income | Interest Income on Loan | - | 17 |
| | | | Management Fees | - | 5 |
| | | Expenses | Staff Welfare Expenses | 28 | 5 |
| | | Other transactions | Loan given during period | - | 495 |
| | | | Loan repayment received during period | - | 495 |
| | | Commitments | Off balance sheet exposure | - | 1,500 |
| 86 | United Hotels Limited | Income | Interest Income on Finance Lease | 6 | 4 |
| | | Expenses | Staff Welfare Expenses | 1 | 1 |
| | | Other transactions | Finance Lease Facility provided during period | - | 11 |
| | | | Finance Lease Facility repayment received during period | 6 | 4 |
| | | Assets | Finance Lease Facility Principal receivable | 26 | 32 |
| | | | Finance lease accrued income & other receivables | 2 | 4 |
| | | Commitments | Off balance sheet exposure | - | 35 |
| 87 | Roots Corporation Limited | Expenses | Staff Welfare Expenses | 4 | 0* |
| | | Liabilities | Other Payables | - | - |
| 88 | Fiora Hypermarket Limited | Expenses | Commission Expenses | 8 | 3 |
| | | | Staff Welfare Expenses | 58 | - |
| | | Other transactions | Payments towards Net Settlement Reward points | 440 | 287 |
| | | Liabilities | Other Payables | - | 1 |
| 89 | Air International TTR Thermal Systems Private Limited | Income | Operating Lease rental | 26 | 29 |
| | | Assets | Other Receivables | 20 | 27 |
| | | Liabilities | Security deposit payable | 18 | 18 |
| | | Commitments | Off balance sheet exposure | - | 823 |
| 90 | Tata Boeing Aerospace Limited | Income | Interest Income on Finance Lease | 1 | 1 |
| | | Other transactions | Finance Lease Facility provided during period | 11 | - |
| | | | Finance Lease Facility repayment received during period | 3 | 2 |
| | | | Security deposit received during period | 2 | - |
| | | Assets | Finance Lease Facility Principal receivable | 11 | 4 |
| | | | Finance lease accrued income & other receivables / (Payable) | (0)* | (0)* |
| | | Liabilities | Security deposit payable | 2 | - |
| | | Commitments | Off balance sheet exposure | - | 138 |
| 91 | Tata Lockheed Martin Aerostructures Limited | Income | Interest Income on Finance Lease | 5 | 2 |
| | | Other transactions | Finance Lease Facility provided during period | 44 | - |
| | | | Finance Lease Facility repayment received during period | 14 | 13 |
| | | | Security deposit received during period | 2 | - |
| | | Assets | Finance Lease Facility Principal receivable | 40 | 10 |
| | | | Finance lease accrued income & other receivables | 2 | 13 |
| | | Liabilities | Security deposit payable | 2 | - |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 92 | Tata Sikorsky Aerospace Limited | Income | Interest Income on Finance Lease | 9 | 9 |
| | | Other transactions | Finance Lease Facility provided during period | 43 | 44 |
| | | | Finance Lease Facility repayment received during period | 32 | 15 |
| | | | Security deposit received during period | 2 | - |
| | | Assets | Finance Lease Facility Principal receivable | 60 | 48 |
| | | | Finance lease accrued income & other receivables / (Payable) | (0)* | 12 |
| | | Liabilities | Security deposit payable | 2 | - |
| | | Commitments | Off balance sheet exposure | - | 53 |
| 93 | Tata Precision Industries (India) Limited | Income | Interest Income on Loan | 10 | 3 |
| | | | Management Fees | - | 1 |
| | | Other transactions | Loan given during period | - | 96 |
| | | | Loan repayment received during period | 19 | 23 |
| | | Assets | Loan Principal receivable | 76 | 96 |
| | | | Loan accrued interest receivable | 1 | 1 |
| 94 | Industrial Minerals and Chemicals Company Private Limited | Income | Interest Income on Loan | 80 | - |
| | | | Management Fees | 2 | - |
| | | Other transactions | Loan given during period | 2,550 | - |
| | | Assets | Loan accrued interest receivable | 44 | - |
| | | | Loan Principal receivable | 2,550 | - |
| | | Commitments | Off balance sheet exposure | - | - |
| 95 | Air India SATS Airport Services Private Ltd. | Income | Operating Lease rental | 6 | - |
| | | Assets | Other Receivables | 6 | - |
| | | Commitments | Off balance sheet exposure | 4,133 | - |
| 96 | Emerald Haven Realty Limited | Income | Interest Income on Loan | 1,037 | 603 |
| | | | Management Fees | 62 | - |
| | | Other transactions | Loan given during period | 11,010 | - |
| | | | Loan repayment received during period | 4,177 | 2,037 |
| | | Assets | Loan Principal receivable | 11,015 | 4,183 |
| | | | Loan accrued interest receivable | 142 | 59 |
| 97 | Automotive Stampings and Assemblies Limited | Income | Interest Income on Loan | - | 207 |
| | | | Management Fees | - | 7 |
| | | Other transactions | Loan given during period | - | 6,933 |
| | | | Loan repayment received during period | - | 11,100 |
| 98 | Mikado Realtors Private Limited | Income | Interest Income on Loan | - | 0 * |
| | | | Management Fees | - | - |
| 99 | Tata AutoComp GY Batteries Private Limited | Income | Interest Income on Loan | - | 6 |
| | | Other transactions | Loan given during period | - | 1,000 |
| | | | Loan repayment received during period | - | 1,000 |
| 100 | Tata Steel BSL Limited | Income | Interest Income on Loan | - | 2 |
| 101 | Tata Ficosa Automotive Systems Private Limited | Income | Interest Income on Loan | - | 25 |
| | | Other Transactions | Loan given during the year | - | 1,400 |
| | | | Loan repayment received during period | - | 2,400 |
| 102 | TP Luminaire Private Limited | Income | Interest Income on Loan | - | 642 |
| | | Other Transactions | Loan repayment received during period | - | 8,448 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 103 | 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 |
| | | | Investment in Equity during period | 9,720 | - |
| | | Assets | Investment in Equity | 10,327 | - |
| 104 | Land kart Builders Private Limited | Income | Referral Fees | - | 2 |
| | | Assets | Other Receivables | - | 2 |
| 105 | Tata Motors Body Solutions Limited | Commitments | Off balance sheet exposure | - | 750 |
| 106 | Tata Consulting Engineers Limited | Other transactions | Interest paid on Non Convertible Debentures | 36 | - |
| | | Liabilities | Legal and Professional fees | - | 0* |
| | | | Payable towards Non Convertible Debentures | 1,500 | 500 |
| 107 | Tata Investment Corporation Limited | Expenses | Dividend paid on equity shares | 124 | - |
| | | Other transactions | Issue of equity shares during the year (including Securities Premium) | 1,304 | - |
| | | | Interest paid on Non Convertible Debentures | 356 | - |
| | | Liabilities | Equity shares held | 7,816 | 7,720 |
| | | | Payable towards Non Convertible Debentures | 4,000 | - |
| 108 | Tata Chemicals Limited | Expenses | Dividend paid on equity shares | 5 | - |
| | | Liabilities | Equity shares held | 323 | 323 |
| 109 | Tata Coffee Staff Provident Fund Trust | Other transactions | Interest paid on Non Convertible Debentures | 83 | 67 |
| | | Liabilities | Payable towards Non Convertible Debentures | 920 | 920 |
| 110 | Rallis India Limited Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | 29 | 29 |
| | | Liabilities | Payable towards Non Convertible Debentures | 290 | 290 |
| 111 | Tata Steel Ltd Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | 596 | 595 |
| | | Liabilities | Payable towards Non Convertible Debentures | 5,480 | 6,480 |
| 112 | Tata Chemicals Ltd Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | 193 | 192 |
| | | Liabilities | Payable towards Non Convertible Debentures | 1,990 | 1,990 |
| 113 | Tata Power Consolidated Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | 142 | 142 |
| | | Liabilities | Payable towards Non Convertible Debentures | 1,630 | 1,630 |
| 114 | Tata Tea Limited Staff Pension Fund | Other transactions | Interest paid on Non Convertible Debentures | 76 | 76 |
| | | Liabilities | Payable towards Non Convertible Debentures | 800 | 800 |
| 115 | Tata Steel Long product Limited employees providend fund trust | Other transactions | Interest paid on Non Convertible Debentures | 22 | 22 |
| | | Liabilities | Payable towards Non Convertible Debentures | 230 | 230 |
| 116 | Titan Industries Gratuity Fund | Other transactions | Interest paid on Non Convertible Debentures | 117 | 102 |
| | | Liabilities | Payable towards Non Convertible Debentures | 1,810 | 1,310 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 117 | Taj Residency Employees Provident fund Trust (Bangalore unit) | Other transactions | Interest paid on Non Convertible Debentures | 5 | 5 |
| | | Liabilities | Payable towards Non Convertible Debentures | 50 | 50 |
| 118 | The Tinplate Company of India Ltd. Gratuity Fund | Other transactions | Interest paid on Non Convertible Debentures | 10 | 10 |
| | | Liabilities | Payable towards Non Convertible Debentures | 110 | 110 |
| 119 | The Tinplate Company Executive Staff Superannuation Fund | Other transactions | Interest paid on Non Convertible Debentures | 4 | 4 |
| | | Liabilities | Payable towards Non Convertible Debentures | 50 | 50 |
| 120 | The Provident Fund of The Tinplate Company of India Ltd | Other transactions | Interest paid on Non Convertible Debentures | 14 | 14 |
| | | Liabilities | Payable towards Non Convertible Debentures | 160 | 160 |
| 121 | Titan Watches Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | 282 | 207 |
| | | Liabilities | Payable towards Non Convertible Debentures | 3,430 | 3,430 |
| 122 | Voltas Managerial Staff Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | 73 | 16 |
| | | Liabilities | Payable towards Non Convertible Debentures | 880 | 580 |
| 123 | Tata Communications Employee's Provident Fund Trust | Other transactions | Interest paid on Non Convertible Debentures | 147 | 147 |
| | | Liabilities | Payable towards Non Convertible Debentures | 1,490 | 1,490 |
| 124 | Tata Elxsi (India) Ltd. Employees Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | 189 | 65 |
| | | Liabilities | Payable towards Non Convertible Debentures | 2,350 | 2,350 |
| 125 | Tata Sons Consolidated Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | 36 | 44 |
| | | Liabilities | Payable towards Non Convertible Debentures | 370 | 370 |
| 126 | Tata Sons Consolidated Superannuation Fund | Other transactions | Interest paid on Non Convertible Debentures | 41 | 43 |
| | | Liabilities | Payable towards Non Convertible Debentures | 395 | 395 |
| 127 | Tata Sons Limited H.O. Employees' Gratuity Fund | Other transactions | Interest paid on Non Convertible Debentures | 1 | 1 |
| | | Liabilities | Payable towards Non Convertible Debentures | 10 | 10 |
| 128 | Tata Motors Limited Gratuity Fund | Other Transactions | Interest paid on Non Convertible Debentures | 80 | 80 |
| | | Liabilities | Payable towards Non Convertible Debentures | 820 | 820 |
| 129 | Tata International Limited Gratuity Fund (w.e.f 28.01.2023) | Other transactions | Interest paid on Non Convertible Debentures | 10 | - |
| | | Liabilities | Payable towards Non Convertible Debentures | 200 | - |
| 130 | Tata Housing Development Company Ltd - Employees Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | - | 4 |
| | | Liabilities | Payable towards Non Convertible Debentures | - | 40 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 131 | Tata Metaliks Ltd Employees Provident fund | Other transactions | Interest paid on Non Convertible Debentures | 2 | 2 |
| | | Liabilities | Payable towards Non Convertible Debentures | 15 | 15 |
| 132 | The Indian Hotels Company Limited Employees Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | 3 | 3 |
| | | Liabilities | Payable towards Non Convertible Debentures | 30 | 30 |
| 133 | Voltas Limited Employees' Superannuation Scheme | Other transactions | Interest paid on Non Convertible Debentures | 16 | 1 |
| | | Liabilities | Payable towards Non Convertible Debentures | 210 | 210 |
| 134 | Voltas Limited Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | 21 | - |
| | | Liabilities | Payable towards Non Convertible Debentures | 270 | 200 |
| 135 | Tata Industries Superannuation Fund Trust | Other transactions | Interest paid on Non Convertible Debentures | 30 | 32 |
| | | Liabilities | Payable towards Non Convertible Debentures | 300 | 300 |
| 136 | TCE Employees' Providend Fund | Other transactions | Interest paid on Non Convertible Debentures | 19 | 19 |
| | | Liabilities | Payable towards Non Convertible Debentures | 100 | 200 |
| 137 | Tata Investment Corporation Limited - Provident Fund | Other transactions | Interest paid on Non Convertible Debentures | 5 | 5 |
| | | Liabilities | Payable towards Non Convertible Debentures | 50 | 50 |
| 138 | Titan Watches Superannuation Fund | Other transactions | Interest paid on Non Convertible Debentures | - | 9 |
| | | Liabilities | Payable towards Non Convertible Debentures | - | 90 |
| 139 | KMP & relative of KMP's | Expenses | Dividend paid on Cumulative Redeemable Preference shares | 1 | 4 |
| | | Other transactions | Redemption of Cumulative Redeemable Preference shares | 50 | - |
| | | | Interest paid on Non Convertible Debentures | - | - |
| | | Liabilities | Cumulative Redeemable Preference Shares | - | 50 |
| | | | Payable towards Non Convertible Debentures | - | - |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Sr No | Party Name | Nature of Transactions | | FY 2022-2023 | FY 2021-2022 |
|---|---|---|---|---|---|
| 140 | **Key managerial personnel** | **Expenses** | | | |
| | | **Remuneration to KMP** | Short Term Employee Benefits | **1,561** | 1,364 |
| | | | Post Employment Benefits | **45** | 42 |
| | | **Other expenditure** | Director Sitting Fees & Commission (on payment basis) | **134** | 129 |
| | | | Dividend paid on Cumulative Redeemable Preference shares | **1** | 7 |
| | | | Dividend paid on equity shares | **1** | - |
| | | **Other transactions** | Redemption of Cumulative Redeemable Preference shares | **100** | - |
| | | | Interest paid on Non Convertible Debentures | **0*** | 0* |
| | | **Liabilities** | Equity shares held | **35** | 35 |
| | | | Cumulative Redeemable Preference Shares | **-** | 100 |
| | | | Payable towards Non Convertible Debentures | **4** | 4 |
| | | **Share based payments (No. of Shares)** | Options granted | **12,38,830** | 22,00,287 |
| | | | Options exercised | **-** | - |
| | | | Total Options granted till date | **95,00,023** | 86,55,498 |
| | | | Total Options exercised till date | **5,90,906** | 7,60,211 |

**Notes :**

a) * "0" denotes amount less than ₹ 50,000/-

b) Expected credit loss provision for parties listed above have not been considered as provision for doubtful debts, hence not disclosed.

c) The above related party transactions are at Arm's length and in the ordinary course of business.

## Note 43: Fair values of financial instruments

### A. Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date

b) Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

c) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities that the Group can access at measurement date. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Valuation techniques include net present value and discounted cash flow models, income approach, comparison with similar instruments for which observable market prices exist, option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free returns, benchmark interest rates and credit spreads used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models to determine the fair value of financial instruments, such as forward rate agreement, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices or rates or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and the counterparty where appropriate. Model inputs and values are calibrated against historical data, where possible, against current or recent observed transactions in different instruments. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management uses judgement to select the most appropriate point in the range.

Discounting of the cash flows of financial asset/ financial liability for computing the fair value of such instrument: the future contractual cash flows of instrument over the remaining contractual life of the instrument are discounted using comparable rate of lending/borrowing as applicable to financial asset/ financial liability in the month of reporting for a similar class of instruments. For shorter tenure financial assets such as channel finance, the remaining tenure is assumed to be six months.

Derivatives held for risk management :

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

**B. Valuation framework**

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

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

When third party information, such as valuation agency report is used to measure fair value, the Group assesses the documents and evidence used to support the conclusion that the valuations meet the requirements of Ind AS. This includes:

1) understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;

2) when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and

3) if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

**C Financial assets and liabilities**

The carrying value of financial instruments by categories as at March 31, 2023 is as follows:

(₹ in lakh)

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehensive Income | Derivative instruments in hedging relationship | Amortised cost | Total Carrying Value |
|---|---|---|---|---|---|
| **Financial Assets:** | | | | | |
| Cash and cash equivalents | - | - | - | 3,05,888 | 3,05,888 |
| Bank balances other than Cash and cash equivalents above | - | - | - | 25,771 | 25,771 |
| Derivative assets | - | - | 22,958 | - | 22,958 |
| Trade receivables | - | - | - | 7,361 | 7,361 |
| Other receivables | - | - | - | 39 | 39 |
| Loans including credit substitutes | 2,511 | 69,326 | - | 1,16,03,776 | 1,16,75,613 |
| Investments (Other than associates) | 5,62,041 | 3,04,877 | - | 3,98,979 | 12,65,897 |
| Other financial assets | - | - | - | 36,506 | 36,506 |
| **Total** | 5,64,552 | 3,74,203 | 22,958 | 1,23,78,320 | 1,33,40,033 |
| **Financial Liabilities:** | | | | | |
| Derivative liabilities | - | - | 6,232 | - | 6,232 |
| Payables | - | - | - | 1,23,900 | 1,23,900 |
| Debt securities | - | - | - | 51,37,558 | 51,37,558 |
| Borrowings | - | - | - | 54,93,413 | 54,93,413 |
| Subordinated liabilitites | - | - | - | 7,02,620 | 7,02,620 |
| Lease liabilities | - | - | - | 20,538 | 20,538 |
| Other financial liabilities | - | - | - | 1,95,425 | 1,95,425 |
| **Total** | - | - | 6,232 | 1,16,73,454 | 1,16,79,686 |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The carrying value of financial instruments by categories as at March 31, 2022 is as follows:

(₹ in lakh)

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehensive Income | Derivative instruments in hedging relationship | Amortised cost | Total Carrying Value |
|---|---|---|---|---|---|
| **Financial Assets:** | | | | | |
| Cash and cash equivalents | - | - | - | 2,08,162 | 2,08,162 |
| Bank balances other than Cash and cash equivalents above | - | - | - | 5,420 | 5,420 |
| Derivative assets | - | - | 3,521 | - | 3,521 |
| Trade receivables | - | - | - | 3,233 | 3,233 |
| Other receivables | - | - | - | 22 | 22 |
| Loans including credit substitutes | 2,519 | 36,777 | - | 89,71,757 | 90,11,053 |
| Investments (Other than associates) | 4,26,800 | 16,152 | - | 2,35,056 | 6,78,008 |
| Other financial assets | - | - | - | 25,090 | 25,090 |
| **Total** | **4,29,319** | **52,929** | **3,521** | **94,48,740** | **99,34,509** |
| **Financial Liabilities:** | | | | | |
| Derivative liabilities | - | - | 34,305 | - | 34,305 |
| Payables | - | - | - | 1,02,425 | 1,02,425 |
| Debt securities | - | - | - | 40,69,140 | 40,69,140 |
| Borrowings | - | - | - | 38,63,992 | 38,63,992 |
| Subordinated liabilitites | - | - | - | 6,88,845 | 6,88,845 |
| Lease liabilities | - | - | - | 12,345 | 12,345 |
| Other financial liabilities | - | - | - | 1,26,873 | 1,26,873 |
| **Total** | **-** | **-** | **34,305** | **88,63,620** | **88,97,925** |

Investment in associates:

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

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

**As at March 31, 2023**

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial Assets:** | | | | |
| **Investments** | | | | |
| Mutual fund units | **-** | **4,58,830** | **-** | **4,58,830** |
| Equity Shares | **21,969** | **-** | **3,17,991** | **3,39,960** |
| Structured product | **-** | **2,037** | **-** | **2,037** |
| Multi Asset Fund | **-** | **-** | **5,077** | **5,077** |
| Alternate Investment Funds | **-** | **-** | **2,976** | **2,976** |
| Venture Capital Fund | **-** | **-** | **24,100** | **24,100** |
| Preference shares | **-** | **-** | **11,500** | **11,500** |
| Security Receipts | **-** | **-** | **-** | **-** |
| Debt securities | **22,438** | **-** | **-** | **22,438** |
| Loans including credit substitutes | **-** | **-** | **71,837** | **71,837** |
| Derivative assets | **-** | **22,958** | **-** | **22,958** |
| **Total** | **44,407** | **4,83,825** | **4,33,481** | **9,61,713** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial Liabilities:** | | | | |
| Derivative liabilities | - | 6,232 | - | 6,232 |
| **Total** | - | 6,232 | - | 6,232 |

**As at March 31, 2022**

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial Assets:** | | | | |
| **Investments** | | | | |
| Mutual fund units | - | 3,06,096 | - | 3,06,096 |
| Equity Shares | 58,882 | - | 28,121 | 87,003 |
| Structured product | - | 2,193 | - | 2,193 |
| Multi Asset Fund | - | - | 4,850 | 4,850 |
| Alternate Investment Funds | - | - | 2,806 | 2,806 |
| Venture Capital Fund | - | - | 22,443 | 22,443 |
| Preference shares | 1,392 | - | - | 1,392 |
| Security Receipts | - | 17 | - | 17 |
| Debt securities | 16,152 | - | - | 16,152 |
| Loans including credit substitutes | - | - | 39,296 | 39,296 |
| Derivative assets | - | 3,521 | - | 3,521 |
| **Total** | **76,426** | **3,11,827** | **97,516** | **4,85,769** |

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial Liabilities:** | | | | |
| Derivative liabilities | - | 34,305 | - | 34,305 |
| **Total** | - | **34,305** | - | **34,305** |

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

(₹ in lakh)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Carrying Value | Fair value | Carrying Value | Fair value |
| **Financial Assets at amortised cost:** | | | | |
| Loans including credit substitutes | 1,16,03,776 | 1,19,13,523 | 89,71,757 | 91,44,713 |
| Investments (Other than in Associate) | 3,98,979 | 3,90,146 | 2,35,056 | 2,31,872 |
| **Total** | **1,20,02,755** | **1,23,03,669** | **92,06,813** | **93,76,585** |
| **Financial Liabilities at amortised cost:** | | | | |
| Borrowings (includes debt securities and subordinated liabilities) | 1,13,33,591 | 1,14,62,381 | 86,21,977 | 86,46,262 |
| **Total** | **1,13,33,591** | **1,14,62,381** | **86,21,977** | **86,46,262** |

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade and other payables as on March 31, 2023 and March 31, 2022 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financials assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Fair value of the Financial intruments 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 from banks is estimated using discounted cash flow techniques, applying the rates that are offered for loans of similar maturities and terms.

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

**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:**

(₹ in lakh)

| Financial instruments | Fair value | | 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, 2023 | As at March 31, 2022 | | | | |
| Loans | **69,326** | 36,777 | Level 3 | Discounted contractual cash flows | Discounting rate and future cash flows. | Higher the discounting rate lower the fair value of loans |
| Equity Shares - unquoted | **3,17,991** | 28,121 | Level 3 | 1. 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<br>2. Income approach - Discounted Cash Flow Method<br>3. Market Approach: Guideline Public Companies Method | 1. Annual revenue is based on the earnings for the latest financial year<br>2. Discount rate<br>3. Terminal rate<br>4. LTM EV to Revenue Multiple : 6.5x | 1. The estimated fair value would increase (decrease) if the annual revenue growth were higher (lower)<br>2. Higher the discount rate, lower the fair value.<br>3. Higher the terminal rate, higher the fair value |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Financial instruments | Fair value | | 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, 2023 | As at March 31, 2022 | | | | |
| Compulsorily Convertible Debenture | **2,511** | 2,519 | Level 3 | Discounted contractual cash flows. | Discounting rate | Higher the discounting rate lower the fair value of loans |
| Preference share | **11,500** | - | Level 3 | Latest Transaction price | Latest Transaction price | Higher the Net Asset Value higher the fair value of preference share |
| Alternative Investment Fund | **2,976** | 2,806 | Level 3 | Net asset value | Net Asset Value | Higher the Net Asset Value higher the fair value of unquoted units |
| Multi Asset Fund | **5,077** | 4,850 | Level 3 | Net asset value | Net Asset Value | Higher the Net Asset Value higher the fair value of unquoted units |
| Venture capital fund | **24,100** | 22,443 | Level 3 | Net asset value | Net Asset Value | Higher the Net Asset Value higher the fair value of unquoted units |
| **Financial Assets at FVTPL/ FVTOCI** | **4,33,481** | **97,516** | | | | |

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**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, 2023 | | As at March 31, 2022 | |
| | | | Favourable | Unfavourable | Favourable | Unfavourable |
| Equity Shares | Net Asset Value and other valuation input | 1% | **186** | **(196)** | 315 | (305) |
| Compulsorily Convertible Debenture | Transaction price | 1% | **55** | **(53)** | 25 | (25) |
| Loans | Discounting rate | 1% | **698** | **(685)** | 374 | (367) |
| Alternative Investment Fund | Net Asset Value | 1% | **10** | **(10)** | 8 | (8) |
| Multi Asset Fund | Net Asset Value | 1% | **51** | **(51)** | 49 | (49) |
| Venture capital fund | Net Asset Value | 1% | **241** | **(241)** | 224 | (224) |

**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:

(₹ in lakh)

| Particulars | FVTOCI Loans | FVTPL Loans | FVTPL Investments | FVTOCI Investments | Total |
|---|---|---|---|---|---|
| **As at April 1, 2022** | **36,777** | **2,519** | **58,220** | **-** | **97,516** |
| Total gains or losses: | | | | | |
| recognised in profit or loss | **-** | **101** | **(3,131)** | **-** | **(3,030)** |
| in OCI | **(393)** | **-** | **-** | **2,22,995** | **2,22,602** |
| Purchases | **46,204** | **1,400** | **21,775** | **-** | **69,379** |
| Settlements | **(13,262)** | **(1,509)** | **(36)** | **-** | **(14,807)** |
| Foreign currency transalations | | | **2,377** | **-** | **2,377** |
| Transfers into Level 3 | **-** | **-** | **-** | **59,444** | **59,444** |
| Transfers out of Level 3 | **-** | **-** | **-** | **-** | **-** |
| **As at March 31, 2023** | **69,326** | **2,511** | **79,205** | **2,82,439** | **4,33,481** |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lakh)

| Particulars | FVTOCI | FVTPL | FVTPL | Total |
|---|---|---|---|---|
| | Loans | Loans | Investments | |
| **As at April 1, 2021** | 85,514 | 1,000 | 84,960 | 171,474 |
| Total gains or losses: | - | - | - | - |
| in profit or loss | - | - | 8,999 | 8,999 |
| in OCI | (156) | - | - | (156) |
| Purchases | 5,433 | 1,519 | 510 | 7,462 |
| Settlements | (54,014) | - | (2,225) | (56,239) |
| Foreign currency transalations | | | 776 | 776 |
| Transfers into Level 3 | - | - | - | - |
| Transfers out of Level 3 | - | - | (34,800) | (34,800) |
| **As at March 31, 2022** | **36,777** | **2,519** | **58,220** | **97,516** |

**Note 44: Risk Management Framework**

**A Introduction;**

As a financial institution, Group 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. Group'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 Tata Capital and its subsidiaries are compliant with ISO 31000: 2018 which is the international standard for risk management that lays down principles, guidelines and framework for risk management in an organisation.

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

**Risk management framework:**

Group'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 Tata Capital and subsidiaries through alignment of risk by creating, preserving and realizing value.

A comprehensive Enterprise Risk Management ("ERM") Framework has been adopted across Group 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 11 identified key risk areas based on their probability and impact.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The 11 categories of risks identified and monitored by the Company are Credit Risk, Market Risk, Liquidity Risk, Process, People, Outsourcing, Compliance & Governance, Technology, Business Continuity, Cyber Security and Reputation risk.

| Nature of Risk | Framework | Governing Committees |
|---|---|---|
| Credit Risk | Enterprise Risk Management<br>Various Credit Policies, Portfolio review and trigger monitoring | Risk Management Committee of the Board<br>Investment Credit Committee of the Board<br>Credit Committees |
| Market Risk & Liquidity Risk | Enterprise Risk Management<br>Asset Linked Market Policy | Risk Management Committee of the Board<br>Asset Liability Management Committee |
| Process Risk | Operational Risk Policy | Operational Risk Management Committee |
| People Risk | Operational Risk Policy<br>HR Policies | Risk Management Committee of the Board<br>Operational Risk Management Committee |
| Outsourcing | Operational Risk Policy<br>Outsourcing Policy | Risk Management Committee of the Board<br>Operational Risk Management Committee |
| Technology | Operational Risk Policy<br>Information Technology Policy | Risk Management Committee of the Board<br>IT Strategy Committee of the Board |
| Business Continuity | Operational Risk Policy<br>Business Continuity Management Policy | Operational Risk Management Committee |
| Cyber Security | Information & Cyber Security Policy | Risk Management Committee of the Board<br>IT Strategy Management Committee of the Board |
| Reputational Risk Compliance & Governance | Enterprise Risk Management Framework<br>Ethics Policy<br>POSH Policy<br>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 Group has sound system of risk management and internal controls.

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**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 & Liquidity Risk (iii) Operational Risk (Process, People, Outsourcing, Technology, Business Continuity and Fraud) (iv) Strategic Risks (including emerging and external risks) (v) Compliance and Governance (vi)Reputation Risk(vii) Information Security and 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 to institute an effective governance mechanism and risk management process for all outsourced IT operations so that maximum value is delivered to business.

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

The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**Senior Management Committees**

a) Management Credit Committee (MCC): The members of committee are senior management of the Group 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 Group.

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. It reviews the frauds reported and investigated with detailed root cause analysis and corrective action.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**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 Group'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 Group 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.

Group'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.

Group 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 Group 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 Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable risk tolerances levels to ensure the solvency and minimum volatility while optimising the balance between profitability and managing associated risks.

Under Liquidity Risk Management (LRM) framework for the Group, 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 Group has Asset Liability Management (ALM) support group prescribed by RBI which meets on regular basis to ensure internal controls and reviews the liquidity risk management of the group.

**Interest rate risk:**

Interest rate risk is measured through Interest rate sensitivity report where gaps are being monitored classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to earliest of contracted/behavioural maturities or anticipated re-pricing date. The Group 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 45 .C.i for summary on sensitivity to a change in interest rates as on 31st March 2023.

**Currency Risk**

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

The hedging policy as approved by the Asset Liability Committee (ALCO) prescribes the hedging of the risk associated with change in the interest rates and fluctuation of foreign exchange rates. Counter party risk is reviewed periodically in terms of exposure to various counter parties.

The Group'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 Group enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed. All hedges entered by the Group are cash flow hedges.

Refer Note No 45.C.ii & iii for gist of foreign currency risk exposure as on 31st March 2023.

**Equity price risk**

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

**Liquidity risk;**

Liquidity Risk is the risk that a Group 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:

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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) Group 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 group is fully complied to the Liquidity Coverage Ratio (LCR) framework as mandated by RBI.

Group'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 Group also maintains a portfolio of highly liquid mutual fund units.

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

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

The Group has honoured all its debt obligations on time. Based on liquidity risk assessment, cash-flows mismatches are within the stipulated regulatory limits. The Group has been successful in maintaining the adequate liquidity by raising fresh/renewal of bank lines, regular access to capital market and financial institution under the various schemes promulgated by RBI to raise medium to long term funds. Owing to the above measures, the Group has not seen a rise in its liquidity risk.

Refer Note No 45.B for the summary of Maturity analysis for Group's financial liabilities and financial assets as on 31st March 2023.

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 Group's processes, personnel, systems, or from external factors other than strategic and reputation risk Management of operational risk forms an integral part of Group'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 Group'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.

Group has a Business Continuity Planning "BCP" framework in place, to ensure uninterrupted business operations in case any disruptive event occurs. The Group immediately activated its Business Continuity Plan (BCP) during this time of COVID 19 pandemic. Group continues to seamlessly carry out normal operations hence addressing the risk associated with occurrence of the pandemic.

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

**Cyber Security Risk**

Various measures are adopted to effectively protect the Group against phishing, social media threats and rogue mobile. During COVID pandemic Group ensured seamless accessibility of critical systems through virtual private network (VPN), thereby minimizing the risk of security/data breaches and cyber-attacks. Group has adopted "Framework for Improving Critical Infrastructure Cyber Security" published by the National Institute of Standards & Technology (NIST) and complies with regulatory guidelines."

d) **Regulatory and Compliance Risk**

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

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

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

**Note 45: Risk management review**

This note presents information about the Group's exposure to following risks and its management of capital. For information on the risk management framework, see Note 44

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

iii. Foreign currency risk exposure- Subsidiaries

**A. Credit risk**

For the definition of credit risk and information on how credit risk is mitigated by the Group, see Note 44.

i. Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. The amounts in the table represent gross carrying amounts for financial assets. For loan commitments, the amounts in the table represent the amounts committed.

Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 2(xiii).

i) Loans by Division

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

a) 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:

(₹ in lakh)

| Outstanding Gross Loans | As at March 31, 2023 | | | | | As at March 31, 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Count | Stage 1 | Stage 2 | Stage 3 | Total | Count | Stage 1 | Stage 2 | Stage 3 | Total |
| Days past due | | | | | | | | | | |
| Zero overdue | **13,09,390** | **1,13,71,102** | **1,87,050** | **3,508** | **1,15,61,660** | 8,05,940 | 85,77,524 | 3,42,939 | 13,082 | 89,33,545 |
| 1-29 days | **36,229** | **90,821** | **38,553** | **2,191** | **1,31,565** | 30,313 | 96,032 | 30,058 | 4,416 | 1,30,506 |
| 30-59 days | **16,345** | **-** | **1,00,644** | **3,617** | **1,04,261** | 15,882 | - | 73,911 | 7,774 | 81,685 |
| 60-89 days | **8,372** | **-** | **22,287** | **5,596** | **27,883** | 8,959 | - | 32,334 | 11,518 | 43,852 |
| 90 or more days | **53,534** | **-** | **-** | **1,91,058** | **1,91,058** | 48,669 | - | - | 1,40,988 | 1,40,988 |
| **Total** | **14,23,870** | **1,14,61,923** | **3,48,534** | **2,05,970** | **1,20,16,427** | **9,09,763** | **86,73,556** | **4,79,242** | **1,77,778** | **93,30,576** |

Note: Gross carrying amount does not include loan commitments ₹ 16,44,900 lakh (As on March 31, 2022: ₹ 14,25,789 lakh)

b)

(₹ in lakh)

| Impairment allowance on Loans | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Days past due | | | | | | | | |
| Zero overdue | **86,984** | **33,205** | **2,615** | **1,22,804** | 53,391 | 74,348 | 8,852 | 1,36,591 |
| 1-29 days | **5,060** | **7,909** | **1,633** | **14,602** | 4,272 | 8,707 | 2,482 | 15,461 |
| 30-59 days | **-** | **22,101** | **2,054** | **24,155** | - | 15,984 | 3,927 | 19,911 |
| 60-89 days | **-** | **12,256** | **3,294** | **15,550** | - | 19,987 | 5,212 | 25,199 |
| 90 or more days | **-** | **-** | **1,49,155** | **1,49,155** | - | - | 1,05,764 | 1,05,764 |
| **Total** | **92,044** | **75,471** | **1,58,751** | **3,26,267** | **57,663** | **1,19,026** | **1,26,237** | **3,02,926** |

Note:

1. Includes impairment allowance on loan commitments ₹. 6,854 lakh (as on March 31, 2022 : ₹ 4,637 lakh)
2. Includes impairment allowance towards loan designated as FVTOCI ₹ 88 lakh (as on March 31, 2022 : Nil lakh)

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**2) Internal ratings based method implemented by the Group for credit quality analysis of Loans for Infrastructure finance division**

The table below shows the credit quality and the maximum exposure to credit risk based on the internal credit rating system and year-end stage classification of Loans. The amounts presented are gross of impairment allowances. Details of the division's internal grading system are explained in Note below.

a) (₹ in lakh)

| Outstanding Gross Loans | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Internal rating grade | | | | | | | | |
| Grade 1 | **4,76,432** | **-** | **-** | **4,76,432** | 3,16,018 | - | - | 3,16,018 |
| Grade 2 | **5,35,498** | **-** | **-** | **5,35,498** | 4,30,175 | - | - | 4,30,175 |
| Grade 3 | **-** | **28,984** | **-** | **28,984** | - | 31,858 | - | 31,858 |
| Grade 4 | **-** | **-** | **5,405** | **5,405** | - | - | 5,922 | 5,922 |
| **Total** | **10,11,930** | **28,984** | **5,405** | **10,46,319** | **7,46,193** | **31,858** | **5,922** | **7,83,973** |

Note : Gross Carrying amount does not include Loan commitments ₹ 95,441 lakh (As on March 31, 2022: ₹ 1,61,550 lakh)

b) (₹ in lakh)

| Impairment allowance on Loans | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Internal rating grade | | | | | | | | |
| Grade 1 | **3,942** | **-** | **-** | **3,942** | 959 | - | - | 959 |
| Grade 2 | **4,025** | **-** | **-** | **4,025** | 3,730 | - | - | 3,730 |
| Grade 3 | **-** | **3,681** | **-** | **3,681** | - | 4,704 | - | 4,704 |
| Grade 4 | **-** | **-** | **3,513** | **3,513** | - | - | 2,154 | 2,154 |
| **Total** | **7,967** | **3,681** | **3,513** | **15,161** | **4,689** | **4,704** | **2,154** | **11,547** |

Note : Include impairment allowance on Loan commitments ₹ 425 lakh ( As on March 31, 2022: ₹ 524 lakh)

c)

| Internal rating grades | Ratings as per internal rating method | Definition |
|---|---|---|
| Grade 1 | AAA to A | Highest level of security is available. Account has satisfactory performance |
| Grade 2 | BBB \| BBB- \| BBB+ | Adequate level of security. Account has satisfactory performance |
| Grade 3 | BB \| BB+ \| BB- | Account has shown significant deterioration in performance |
| Grade 4 | D | Account has defaulted |

Note: Tata Cleantech Capital, a subsidiary has a internal rating model mapped to external Crisil rating grades.

**3) Loans** (₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **LOANS** | | |
| - At Amortised Cost | **1,19,44,590** | 92,91,280 |
| - At Fair Value through Other Comprehensive Income | **69,326** | 36,777 |
| - At Fair Value Through Profit and Loss | **2,511** | 2,519 |
| **Total - Gross Carrying value of Loans** | **1,20,16,427** | **93,30,576** |
| Less: Unamortised loan sourcing fee | **(54,412)** | (39,983) |
| Add : Unamortised loan sourcing costs | **32,923** | 18,749 |
| **Total - Carrying Value of Loans** | **1,19,94,938** | **93,09,342** |
| Less : Impairment Allowance | **(3,19,325)** | (2,98,289) |
| **Total - Net Carrying value of Loans** | **1,16,75,613** | **90,11,053** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**4) Trade receivables**

(₹ in lakh)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| **Category of Trade receivables** | **Gross** | **Impairment allowance** | **Net** | **Gross** | **Impairment allowance** | **Net** |
| Stage 1: Considered good | **7,361** | **-** | **7,361** | 3,119 | - | 3,119 |
| Stage 2: Significant increase in credit risk | **88** | **(88)** | **-** | 131 | (17) | 114 |
| Stage 3: Credit impaired | **1,560** | **(1,560)** | **-** | 74 | (74) | - |
| **Total** | **9,009** | **(1,648)** | **7,361** | **3,324** | **(91)** | **3,233** |

**5) Derivative Financial Instruments**

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

(₹ in lakh)

| Derivatives held for cashflow hedge | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | **Notional Amounts** | **Fair Value - Assets** | **Fair Value - Liabilities** | **Notional Amounts** | **Fair Value - Assets** | **Fair Value - Liabilities** |
| Foreign Exchange Forward contracts | **1,61,715** | **904** | **5,968** | 3,01,666 | 59 | 33,580 |
| Interest Rate Swap | **-** | **2,639** | **-** | - | 899 | 427 |
| Cross currency Swap | **4,88,572** | **19,415** | **264** | 1,05,728 | 2,563 | 298 |
| **Total** | **6,50,287** | **22,958** | **6,232** | **4,07,394** | **3,521** | **34,305** |

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

The Group is exposed to foreign currency risk related to external commercial borrowings and the primary risk of change in the floating interest rate and payment in foreign currency towards principal and interest at future date is managed by entering into a interest rate swap and foreign exchange forward rate purchase agreement respectively.

The Group's risk management strategy and how it is applied to manage risk is explained in Note 44.

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

ii) Collateral and other credit enhancements
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.

**(1) The main types of collateral obtained across respective business division are as follows:**

a Corporate and SME Finance division:
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.

b Consumer, Housing finance and advisory business:
For housing loans, mortgage against residential property is obtained. For loan against property, mortgage against residential and commercial property is obtained. For Construction finance, additionally mortgage over residential and commercial project is obtained.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

c Infrastructure finance:

The term loans are secured by charge on assets and cash flows of the underlying solar and road projects.

**(2) The table represents categories of collaterals available against the loan exposures:**

(₹ in lakh)

| Particulars | Category of collateral available | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Financial assets**<br>**Loans** | | | |
| Bills purchased and bills discounted | Charge on trade receivables and inventories | **1,70,657** | 2,37,005 |
| Term loans | 1) **Commercial and SME Finance Division**<br>A) charge over:<br>i) Real estate properties (including residential and commercial),<br>ii) Property and equipment,<br>iii) Inventory and trade receivables,<br>iv) Marketable securities (equity and debt securities)<br>B) Hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors<br>C) Floating charge on corporate assets as mentioned in point a above | **1,11,56,185** | 86,25,619 |
| Credit substitutes | **2) Consumer, Housing finance and advisory business**<br>A) Real estate properties (including residential and commercial),<br>B) Land<br>C) Under construction flat<br>**3) Infrastructure finance division**<br>Secured by charge on assets and cash flows of the underlying solar and road projects. | **3,97,228** | 3,04,491 |
| Finance lease and hire purchase | Hypothecation of the underlying asset financed, primarily includes plant and equipment | **2,25,380** | 1,61,039 |
| Factoring | Charge on Trade receivables and inventories | **65,244** | - |
| Retained portion of assigned loans | Mortgages over residential properties | **1,733** | 2,422 |
| **Total** | | **1,20,16,427** | **93,30,576** |

**(3) Assets obtained by taking possession of collateral:**

The Group's collection policy is to pursue timely realisation of the collateral in an orderly manner. The Group upon a customer account becoming delinquent, undertakes the process to physically repossess properties or other assets with the help of external agents to recover funds, to settle outstanding. Any surplus funds if any received are returned to the customers/obligors. As a result

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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, shares and 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.

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

(₹ in lakh)

| Particulars | Category of collateral available | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Financial asset measured at Amortised Cost and FVTOCI** | | | |
| **Loans** | | | |
| Bills purchased and bills discounted | Charge on trade receivables and inventories | - | - |
| Term loans | A) Charges over:<br>i) real estate properties (including residential and commercial),<br>ii) Property and equipment,<br>iii) inventory and trade receivables,<br>iv) marketable securities (equity and debt securities)<br>B) hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors<br>C) floating charge on corporate assets as mentioned in point A | **1,28,076** | 1,11,161 |
| Credit substitutes | | - | - |
| **Total** | | **1,28,076** | **1,11,161** |

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

**iii Amounts arising from ECL**

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

**Inputs, assumptions and estimation techniques used for estimating ECL**

**1) Inputs:**

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

The Group allocates each exposure to a credit risk grade based on a days past due, which is a quantitative factor that indicates the risk of default. Additional factors such as customer fraud, reschedulement of loans and directions by the risk management committee to exit certain risky portfolios are also considered as qualitative factor. These factors are applied uniformly for each lending. The determination of the credit risk is for each product, considering the unique risk and rewards associated with it. The Group has observed varied level of risk across these stage and buckets and a significant increase in risk in stage 2 and stage 3.

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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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(xiii) in Significant accounting policies for definition of Stages of Asset

**2) Assumptions:**

The Group has applied following assumptions for determination of ECL.

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

2) "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.

3) "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Group including loan commitments.

4) Definition of default: A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Further if the customer has requested forbearance in repayment terms, such restructured, rescheduled or renegotiated accounts are also classified as Stage 3. Non-payment on another obligation of the same customer is also considered as a stage 3.

5) Forward looking information:

   The Group incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Group forms a 'base case' view of the future direction of relevant economic variables such as real GDP, domestic credit growth, money market interest rate etc. as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome in a normal distribution curve while the other scenarios represent more optimistic and more pessimistic outcomes. More weight is applied to pessimistic outcome consistently as a matter of prudence than optimistic outcome.

6) Assessment of significant increase in credit risk:

   The credit risk on a financial asset of the Group are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Additionally, accounts identified and reviewed by the Executive committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

**3) Estimation techniques:**

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

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

2) Loss given default is calculated after considering outstanding at the time of default and adjusting for actual recoveries basis time value of money, absent availability of internal data we have used information to the extent available from Basel norms.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**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:

i) Overdue status

ii) Restructuring, reschedulement of loans and requests for granting of forbearance

iii) Fraudulent customer

iv) Exit directed by the Risk management committee

v) Accounts classified by SICR committee indicating significant increase in credit risk

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

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

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors.

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

Based on advice from the external risk management experts, the Group considered variety of external actual and forecast information to formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. Such forecasts are adjusted to estimate the PDs.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

A maximum of a 12-month PD or actual contractual tenure is considered for financial assets for which credit risk has not significantly increased. The Group measures ECL for stage 2 and stage 3 assets considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

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

For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data or internal benchmark with similar credit risk profile.

vii) Techniques for determining LGD:

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates against defaulted counterparties. The LGD models consider the cash flow received, assets received in lieu of settlement of loan

and collateral available for subsequent recovery that is integral to the financial asset. LGD estimates are calculated on a discounted cash flow basis using the internal rate of return as the discounting factor. Group has observed challenges in the resolution of defaulted accounts with ageing more than two years and accordingly a higher LGD estimate is applied assuming nil recoveries towards such accounts. The Group has prospectively adopted collection curve method for computation of loss given defaults to determine expected credit losses, in the Absence of observed history of default, LGD applied is based on Basel IRB norms for certain products.

viii) 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 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 as well as un-utilised limit post applying the credit conversion factor (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.

ix) Modified financial assets

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

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

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

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:**

(₹ in lakh)

| Gross carrying amount | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Opening balance** | **86,73,556** | **4,79,242** | **1,77,778** | **93,30,576** | 71,26,182 | 3,18,484 | 1,93,384 | 76,38,050 |
| New assets originated or purchased/further increase in existing assets | **71,91,499** | **1,950** | **257** | **71,93,706** | 48,97,712 | 9,664 | 1,011 | 49,08,387 |
| Assets derecognised or repaid (excluding write offs) | **(41,96,420)** | **(2,09,371)** | **(47,783)** | **(44,53,574)** | (30,25,799) | (77,737) | (31,253) | (31,34,789) |
| Transfers to Stage 1 | **35,134** | **(20,093)** | **(15,041)** | **-** | 39,329 | (25,716) | (13,613) | - |
| Transfers to Stage 2 | **(2,36,055)** | **2,36,055** | **-** | **-** | (3,57,587) | 3,57,587 | - | - |
| Transfers to Stage 3 | **-** | **(1,29,115)** | **1,29,115** | **-** | - | (97,423) | 97,423 | - |
| Amounts written off | **(5,791)** | **(10,134)** | **(38,356)** | **(54,281)** | (6,281) | (5,617) | (69,174) | (81,072) |
| **Closing balance** | **1,14,61,923** | **3,48,534** | **2,05,970** | **1,20,16,427** | **86,73,556** | **4,79,242** | **1,77,778** | **93,30,576** |

Note: Gross carrying amount does not include loan commitments ₹ 16,44,900 lakh (As on March 31, 2022: ₹14,25,789 lakh)

(₹ in lakh)

| Impairment allowance on Loans | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Opening balance** | **57,663** | **1,19,026** | **1,26,237** | **3,02,926** | 53,435 | 80,222 | 1,26,560 | 2,60,217 |
| Remeasurement due to changes in EAD/estimates | **98,116** | **6,560** | **54,455** | **1,59,131** | 55,463 | 41,040 | 55,485 | 1,51,988 |
| Assets derecognised or repaid (excluding write offs) | **(14,995)** | **(42,305)** | **(36,248)** | **(93,548)** | (6,812) | (16,796) | (21,592) | (45,200) |
| Transfers to Stage 1 | **933** | **(363)** | **(570)** | **-** | 811 | (282) | (529) | - |
| Transfers to Stage 2 | **(49,163)** | **49,163** | **-** | **-** | (44,865) | 44,865 | - | - |
| Transfers to Stage 3 | **-** | **(48,760)** | **48,760** | **-** | - | (26,107) | 26,107 | - |
| Amounts written off | **(510)** | **(7,850)** | **(33,882)** | **(42,242)** | (369) | (3,916) | (59,794) | (64,079) |
| **Closing balance** | **92,044** | **75,471** | **1,58,752** | **3,26,267** | **57,663** | **1,19,026** | **1,26,237** | **3,02,926** |

Includes impairment allowance on loan commitments ₹ 6,854 lakh (as on March 31, 2022 : ₹ 4,637 lakh)

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

### Modified financial assets

The Group renegotiates loans given to customers in financial difficulties (referred to as forbearance activities, restructuring or rescheduling) to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the customer made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Risk Management Committee regularly reviews reports on forbearance activities.

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

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

## Exposure to modified financial assets

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Loan exposure to modified financial assets** | | |
| Gross carrying amount | **3,00,781** | 3,95,809 |
| Impairment allowance | **92,348** | 1,11,119 |
| **Net carrying amount** | **2,08,433** | **2,84,690** |

## 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.

(₹ in lakh)

| Gross carrying value | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Divisions** | | | | | | | | |
| Consumer, Housing finance and advisory business | **64,08,896** | **2,81,322** | **1,53,420** | **68,43,638** | 45,39,540 | 3,96,454 | 1,29,295 | 50,65,289 |
| Commercial and SME finance | **40,41,097** | **38,228** | **47,145** | **41,26,470** | 33,67,810 | 50,930 | 42,561 | 34,61,301 |
| Infrastructure finance | **10,11,930** | **28,984** | **5,405** | **10,46,319** | 7,46,193 | 31,858 | 5,922 | 7,83,973 |
| Others | **-** | **-** | **-** | **-** | 20,013 | - | - | 20,013 |
| **Total** | **1,14,61,923** | **3,48,534** | **2,05,970** | **1,20,16,427** | **86,73,556** | **4,79,242** | **1,77,778** | **93,30,576** |

Note: Gross carrying amount does not include loan commitments ₹ 16,44,900 lakh (As on March 31, 2022: ₹ 14,25,789 lakh)

(₹ in lakh)

| Impairment allowance on Loans | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| **Divisions** | | | | | | | | |
| Consumer, Housing finance and advisory business | **68,328** | **65,420** | **114,372** | **248,121** | 41,488 | 104,538 | 86,390 | 232,416 |
| Commercial and SME finance | **15,749** | **6,370** | **40,866** | **62,985** | 11,456 | 9,784 | 37,693 | 58,933 |
| Infrastructure finance | **7,967** | **3,681** | **3,513** | **15,161** | 4,689 | 4,704 | 2,154 | 11,547 |
| Others | **-** | **-** | **-** | **-** | 30 | - | - | 30 |
| **Total** | **92,044** | **75,471** | **1,58,751** | **3,26,267** | **57,663** | **1,19,026** | **1,26,237** | **3,02,926** |

Includes impairment allowance on loan commitments ₹ 6,854 lakh (As on March 31, 2022 : ₹ 4,637 lakh)

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### B. Liquidity risk

i. Maturity analysis for financial liabilities and financial assets

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

(₹ in lakh)

| As at March 31, 2023 | 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 asset by type** | | | | | | | | | |
| Cash and cash equivalents | 3,05,888 | 3,05,888 | 2,77,618 | 266 | 28,004 | - | - | 3,05,888 | - |
| Bank balances | 25,771 | 25,771 | 62 | 42 | 25,662 | 5 | - | 25,766 | 5 |
| Derivative assets | 22,958 | 22,958 | 3,092 | 13 | 37 | 19,816 | - | 3,142 | 19,816 |
| Receivables | 7,400 | 7,400 | 1,462 | 5,149 | 789 | - | - | 7,400 | - |
| Loans | 1,16,75,613 | 1,16,75,613 | 8,85,298 | 11,61,715 | 20,42,299 | 35,58,445 | 40,27,856 | 40,89,312 | 75,86,301 |
| Investments | 12,65,897 | 12,65,897 | 8,52,088 | 3,414 | 6,208 | 95,951 | 3,08,236 | 8,61,710 | 4,04,187 |
| Other Financial Assets | 36,506 | 36,506 | 5,419 | 16,572 | 10,426 | 3,933 | 156 | 32,417 | 4,089 |
| **Total** | 1,33,40,033 | 1,33,40,033 | 20,25,039 | 11,87,171 | 21,13,425 | 36,78,150 | 43,36,248 | 53,25,635 | 80,14,398 |
| **Financial liabilities by type** | | | | | | | | | |
| Derivative liabilities | 6,232 | 6,232 | 9 | 8 | 5,746 | 469 | - | 5,763 | 469 |
| Trade and other payables | 1,23,900 | 1,23,900 | 41,507 | 44,386 | 23,476 | 14,531 | - | 1,09,369 | 14,531 |
| Debt securities | 51,37,558 | 51,37,558 | 1,79,645 | 5,11,273 | 13,04,148 | 22,92,278 | 8,50,214 | 19,95,066 | 31,42,492 |
| Borrowings | 54,93,413 | 54,93,413 | 2,43,305 | 5,15,738 | 13,51,187 | 32,73,678 | 1,09,505 | 21,10,230 | 33,83,183 |
| Subordinated liabilities | 7,02,620 | 7,02,620 | 2,710 | 4,100 | 85,276 | 2,71,912 | 3,38,622 | 92,086 | 6,10,534 |
| Lease liabilities | 20,538 | 20,538 | 395 | 730 | 55 | 13,197 | 6,161 | 1,180 | 19,358 |
| Other financial liabilities | 1,95,425 | 1,95,425 | 89,349 | 39,283 | 22,340 | 44,453 | - | 1,50,972 | 44,453 |
| **Total** | 1,16,79,686 | 1,16,79,686 | 5,56,920 | 11,15,518 | 27,92,228 | 59,10,518 | 13,04,502 | 44,64,666 | 72,15,020 |
| Market Borrowings | 58,20,444 | 58,20,444 | 2,49,833 | 5,91,028 | 12,57,103 | 28,71,132 | 8,51,348 | 20,97,964 | 37,22,480 |
| Bank borrowings | 55,13,147 | 55,13,147 | 1,75,828 | 4,40,083 | 14,83,507 | 29,66,736 | 4,46,993 | 20,99,418 | 34,13,729 |
| **Total** | 1,13,33,591 | 1,13,33,591 | 4,25,661 | 10,31,111 | 27,40,610 | 58,37,868 | 12,98,341 | 41,97,382 | 71,36,209 |

(₹ in lakh)

| 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 asset by type** | | | | | | | | | |
| Cash and cash equivalents | 2,08,162 | 2,08,162 | 1,95,001 | 1,756 | 11,405 | - | - | 2,08,162 | - |
| Bank balances | 5,420 | 5,420 | 26 | 311 | 4,279 | 770 | 34 | 4,616 | 804 |
| Derivative assets | 3,521 | 3,521 | 912 | 1,563 | 9 | 1,037 | - | 2,484 | 1,037 |
| Receivables | 3,255 | 3,255 | - | 564 | 2,691 | - | - | 3,255 | - |
| Loans | 90,11,053 | 90,11,053 | 5,08,881 | 10,01,546 | 17,91,126 | 33,41,285 | 23,68,215 | 33,01,553 | 57,09,500 |
| Investments | 6,78,008 | 6,78,008 | 4,86,997 | - | - | 68,779 | 1,22,232 | 4,86,997 | 1,91,011 |
| Other Financial Assets | 25,090 | 25,090 | 14 | 58 | 22,952 | 1,727 | 339 | 23,024 | 2,066 |
| **Total** | 99,34,509 | 99,34,509 | 11,91,831 | 10,05,798 | 18,32,462 | 34,13,598 | 24,90,820 | 40,30,091 | 59,04,418 |

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| 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 liabilities by type** | | | | | | | | | |
| Derivative liabilities | 34,305 | 34,305 | 35 | 1,178 | 28,193 | 4,899 | - | 29,406 | 4,899 |
| Trade and other payables | 1,02,425 | 1,02,425 | 115 | 6,121 | 96,189 | - | - | 1,02,425 | - |
| Debt securities | 40,69,140 | 40,69,140 | 1,74,256 | 2,33,598 | 11,86,950 | 17,84,665 | 6,89,671 | 15,94,804 | 24,74,336 |
| Borrowings | 38,63,992 | 38,63,992 | 2,03,176 | 5,58,022 | 7,85,190 | 22,37,111 | 80,493 | 15,46,388 | 23,17,604 |
| Subordinated liabilities | 6,88,845 | 6,88,845 | - | 3,130 | 33,948 | 2,98,925 | 3,52,842 | 37,078 | 6,51,767 |
| Lease liabilities | 12,345 | 12,345 | 316 | 638 | 2,030 | 6,694 | 2,667 | 2,984 | 9,361 |
| Other financial liabilities | 1,26,873 | 1,26,873 | 21,114 | 887 | 57,008 | 47,864 | - | 79,009 | 47,864 |
| **Total** | **88,97,925** | **88,97,925** | **3,99,012** | **8,03,574** | **21,89,508** | **43,80,158** | **11,25,673** | **33,92,094** | **55,05,831** |
| Market Borrowings | 49,33,471 | 49,33,471 | 2,00,004 | 3,40,713 | 11,60,195 | 23,42,098 | 8,90,461 | 17,00,912 | 32,32,559 |
| Bank borrowings | 36,88,506 | 36,88,506 | 1,77,428 | 4,54,037 | 8,45,893 | 19,78,603 | 2,32,545 | 14,77,358 | 22,11,148 |
| **Total** | **86,21,977** | **86,21,977** | **3,77,432** | **7,94,750** | **20,06,088** | **43,20,701** | **11,23,006** | **31,78,270** | **54,43,707** |

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:

(₹ in lakh)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Pledged | Not Pledged | Total | Pledged | Not Pledged | Total |
| **ASSETS** | | | | | | |
| **Financial assets** | **1,15,34,719** | **18,05,314** | **1,33,40,033** | **89,05,199** | **10,29,310** | **99,34,509** |
| Cash and cash equivalents | **-** | **3,05,888** | **3,05,888** | - | 2,08,162 | 2,08,162 |
| Bank Balance other than (a) above | **63** | **25,708** | **25,771** | 63 | 5,357 | 5,420 |
| Derivatives financial instruments | **-** | **22,958** | **22,958** | - | 3,521 | 3,521 |
| Trade Receivables | **-** | **7,361** | **7,361** | - | 3,233 | 3,233 |
| Other Receivables | **-** | **39** | **39** | - | 22 | 22 |
| Loans | **1,15,34,656** | **1,40,957** | **1,16,75,613** | 89,05,136 | 1,05,917 | 90,11,053 |
| Investments | **-** | **12,65,897** | **12,65,897** | - | 6,78,008 | 6,78,008 |
| Other financial assets | **-** | **36,506** | **36,506** | - | 25,090 | 25,090 |
| **Non-financial Assets** | **233** | **2,15,959** | **2,16,192** | **246** | **3,02,801** | **3,03,047** |
| Current tax asset | **-** | **14,087** | **14,087** | - | 16,565 | 16,565 |
| Deferred tax Assets (Net) | **-** | **38,107** | **38,107** | - | 84,099 | 84,099 |
| Investments accounted using equity method | **-** | **59,507** | **59,507** | - | 1,06,608 | 1,06,608 |
| Investment property | **215** | **1,772** | **1,987** | 227 | 1,789 | 2,016 |
| Property, Plant and Equipment | **18** | **48,609** | **48,627** | 19 | 56,261 | 56,280 |
| Capital work-in-progress | **-** | **1,130** | **1,130** | - | 377 | 377 |
| Intangible assets under development | **-** | **872** | **872** | - | 772 | 772 |
| Other Intangible assets | **-** | **3,255** | **3,255** | - | 2,514 | 2,514 |
| Right to use assets | **-** | **19,393** | **19,393** | - | 11,133 | 11,133 |
| Other non-financial assets | **-** | **29,227** | **29,227** | - | 22,683 | 22,683 |
| **Total Assets** | **1,15,34,952** | **20,21,273** | **1,35,56,225** | **89,05,445** | **13,32,111** | **1,02,37,556** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**C. Market risk**

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

(₹ in lakh)

| Particulars | Market risk measure | |
|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 |
| **Financial assets** | | |
| Cash and cash equivalents | **3,05,888** | 2,08,162 |
| Bank balances | **25,771** | 5,420 |
| Derivative financial instruments | **22,958** | 3,521 |
| Trade receivables | **7,361** | 3,233 |
| Other receivables | **39** | 22 |
| Loans | **1,16,75,613** | 90,11,053 |
| Investments | **12,65,897** | 6,78,008 |
| Other financial assets | **36,506** | 25,090 |
| **Total** | **1,33,40,033** | **99,34,509** |
| **Financial liabilities** | | |
| Derivatives financial instruments | **6,232** | 34,305 |
| Total outstanding dues of micro enterprises and small enterprises | **703** | 203 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | **1,23,197** | 1,02,222 |
| Debt securities | **51,37,558** | 40,69,140 |
| Borrowings (Other than debt securities) | **54,93,413** | 38,63,992 |
| Subordinated liabilities | **7,02,620** | 6,88,845 |
| Lease liabilities | **20,538** | 12,345 |
| Other financial liabilities | **1,95,425** | 1,26,873 |
| **Total** | **1,16,79,686** | **88,97,925** |

i Exposure to interest rate risk - Non-trading portfolios

Group 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 assets and liabilities due for repayment / rate reset in next one year.

**As on March 31, 2023**

(₹ in lakh)

| Particulars | Less than 1 Year | @ 100bps change increase | @ 100bps change decrease |
|---|---|---|---|
| Rate sensative assets | **1,17,89,920** | **93,413** | **(93,413)** |
| Rate sensative liabilities | **82,81,828** | **60,412** | **(60,412)** |
| **Net** | **35,08,092** | **33,001** | **(33,001)** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**As on March 31, 2022** (₹ in lakh)

| Particulars | Less than 1 Year | @ 100bps change increase | @ 100bps change decrease |
|---|---|---|---|
| Rate sensative assets | 78,46,642 | 65,734 | (65,734) |
| Rate sensative liabilities | 53,98,613 | 29,976 | (29,976) |
| **Net** | **24,48,029** | **35,758** | **(35,758)** |

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, 2023 | As at March 31, 2022 |
|---|---|---|
| Variable rate borrowings | **49%** | 41% |
| Fixed rate borrowings | **51%** | 59% |
| **Total borrowings** | **100%** | **100%** |

ii Exposure to currency risks - Non-trading portfolios

The Group has entered into derivative contract to fully hedge the risk.

The Group's exposure to foreign currency risk at on March 31, 2023 expressed in INR, are as follows:

(₹ in lakh)

| Particulars | March 31, 2023 | | | | March 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | USD | EURO | JPY | SGD | USD | EURO | JPY | SGD |
| Letter of Credit/Buyers Credit | - | - | - | - | 428 | 196 | - | - |

| Particulars | Impact on profit after tax | | | | Impact on profit after tax | | | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2023 | | | | March 31, 2022 | | | |
| | USD | EURO | JPY | SGD | USD | EURO | JPY | SGD |
| Sensitivity - Increase by 1% | - | - | - | - | (4) | (2) | - | - |
| Sensitivity - Decrease by 1% | - | - | - | - | 4 | 2 | - | - |

iii. Foreign currency risk exposure- subsidiaries

The foreign currency risk from monetary asset and liabilities as at March 31, 2023 is as follows:

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| | US Dollar | US Dollar |
| Net exposure to foreign currency risk in respect of recognised financial assets / (financial liabilities) | **61,380** | 52,204 |

Sensativity analysis between Indian Rupee and US Dollar:

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| 1% Depreciation in INR - Impact on P&L | **18** | 74 |
| 1% Appreciation in INR - Impact on P&L | **(18)** | (74) |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note 46: Liquidity risk**

**i. Exposure to liquidity risk**

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

**ii. Maturity analysis of assets and liabilities**

The table below set out carrying amount of assets and liabilities according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

(₹ In lakh)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **ASSETS** | | | | | | |
| **Financial assets** | **53,25,635** | **80,14,398** | **1,33,40,033** | **40,30,091** | **59,04,418** | **99,34,509** |
| Cash and cash equivalents | **3,05,888** | **-** | **3,05,888** | 2,08,162 | - | 2,08,162 |
| Bank Balance other than (a) above | **25,766** | **5** | **25,771** | 4,616 | 804 | 5,420 |
| Derivatives financial assets | **3,142** | **19,816** | **22,958** | 2,484 | 1,037 | 3,521 |
| Receivables | **7,400** | **-** | **7,400** | 3,255 | - | 3,255 |
| Loans | **40,89,312** | **75,86,301** | **1,16,75,613** | 33,01,553 | 57,09,500 | 90,11,053 |
| Investments | **8,61,710** | **4,04,187** | **12,65,897** | 4,86,997 | 1,91,011 | 6,78,008 |
| Other financial assets | **32,417** | **4,089** | **36,506** | 23,024 | 2,066 | 25,090 |
| **Non-financial Assets** | **7,102** | **2,09,090** | **2,16,192** | **2,637** | **3,00,410** | **3,03,047** |
| Current tax asset | **1,401** | **12,686** | **14,087** | - | 16,565 | 16,565 |
| Deferred tax Assets (net) | **-** | **38,107** | **38,107** | - | 84,099 | 84,099 |
| Investments accounted using equity method | **-** | **59,507** | **59,507** | - | 1,06,608 | 1,06,608 |
| Investment property | **-** | **1,987** | **1,987** | - | 2,016 | 2,016 |
| Property, Plant and Equipment | **-** | **48,627** | **48,627** | - | 56,280 | 56,280 |
| Capital work-in-progress | **-** | **1,130** | **1,130** | - | 377 | 377 |
| Intangible assets under development | **-** | **872** | **872** | 147 | 625 | 772 |
| Other Intangible assets | **-** | **3,255** | **3,255** | - | 2,514 | 2,514 |
| Right of use assets | **-** | **19,393** | **19,393** | - | 11,133 | 11,133 |
| Other non-financial assets | **5,701** | **23,526** | **29,227** | 2,490 | 20,193 | 22,683 |
| **Total Assets** | **53,32,737** | **82,23,488** | **1,35,56,225** | **40,32,728** | **62,04,828** | **1,02,37,556** |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **LIABILITIES** | | | | | | |
| **Financial Liabilities** | **44,64,666** | **72,15,020** | **1,16,79,686** | **33,92,094** | **55,05,831** | **88,97,925** |
| Derivative financial liabilities | **5,763** | **469** | **6,232** | 29,406 | 4,899 | 34,305 |
| Trade and other payables | **1,09,369** | **14,531** | **1,23,900** | 1,02,425 | - | 1,02,425 |
| Debt Securities | **19,95,066** | **31,42,492** | **51,37,558** | 15,94,804 | 24,74,336 | 40,69,140 |
| Borrowings (Other than debt securities) | **21,10,230** | **33,83,183** | **54,93,413** | 15,46,388 | 23,17,604 | 38,63,992 |
| Subordinated liabilities | **92,086** | **6,10,534** | **7,02,620** | 37,078 | 6,51,767 | 6,88,845 |
| Lease liabilities | **1,180** | **19,358** | **20,538** | 2,984 | 9,361 | 12,345 |
| Other financial liabilities | **1,50,972** | **44,453** | **1,95,425** | 79,009 | 47,864 | 1,26,873 |
| **Non-Financial Liabilities** | **36,201** | **25,471** | **61,672** | **46,193** | **9,839** | **56,032** |
| Current tax liability | **7,857** | **22,820** | **30,677** | 34,939 | - | 34,939 |
| Provisions | **8,895** | **1,051** | **9,946** | 6,465 | 837 | 7,302 |
| Deferred tax liabilities (Net) | **-** | **-** | **-** | - | - | - |
| Other non financial liabilities | **19,449** | **1,600** | **21,049** | 4,789 | 9,002 | 13,791 |
| **Total liabilities** | **45,00,867** | **72,40,491** | **1,17,41,358** | **34,38,287** | **55,15,670** | **89,53,957** |
| **Net** | **8,31,870** | **9,82,997** | **18,14,867** | 5,94,441 | 6,89,158 | 12,83,599 |

**Note 47:** Details of transactions with companies struck off under section 248 of the Companies Act, 2013:

| Name of Struck off Company | Nature of transactions | As at March 31, 2023 | As at March 31, 2022 | Relation ship with the struck off company | Subsidiary Company |
|---|---|---|---|---|---|
| India Glycols Ltd | Loan | **1,778** | 2,185 | Borrower | Tata Capital Financial Services Limited |
| Paradise Instruments Pvt Ltd | Loan | **279** | 285 | Borrower | Tata Capital Financial Services Limited |
| Sahujain Services Limited | Borrowings | **110** | 110 | Lender | Tata Capital Housing Finance Limited |
| Vaishnavi Healthcare Pvt Ltd | Loan | **80** | 81 | Borrower | Tata Capital Financial Services Limited |
| Sinclaire Inns and Resorts Pvt Ltd | Loan | **28** | 29 | Borrower | Tata Capital Housing Finance Limited |
| Manak Realtors Pvt Ltd | Loan | **24** | 26 | Borrower | Tata Capital Financial Services Limited |

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

| Name of Struck off Company | Nature of transactions | As at March 31, 2023 | As at March 31, 2022 | Relation ship with the struck off company | Subsidiary Company |
|---|---|---|---|---|---|
| Peoplepro Trainers and Consultants Pvt Ltd | Loan | **21** | 22 | Borrower | Tata Capital Housing Finance Limited |
| Safna Consultancy Pvt Ltd | Debenture | **26** | 25 | Debenture Holder | Tata Capital Financial Services Limited |
| Solar Equipment Pvt Ltd | Loan | **10** | 14 | Borrower | Tata Capital Financial Services Limited |
| Harbinger Bay Advertising Pvt Ltd | Loan | **8** | 10 | Borrower | Tata Capital Financial Services Limited |
| Armam Agro Udyog Pvt Ltd | Loan | **5** | 7 | Borrower | Tata Capital Housing Finance Limited |
| Pravik Minerals Ltd | Loan | **4** | 5 | Borrower | Tata Capital Financial Services Limited |
| Uark Entertainment Opc Pvt Ltd | Loan | **4** | 5 | Borrower | Tata Capital Financial Services Limited |
| G R Foundations Pvt Ltd | Loan | **1** | 2 | Borrower | Tata Capital Financial Services Limited |
| First Office Solutions India Pvt Ltd | Loan | **7** | -* | Borrower | Tata Capital Financial Services Limited |
| Bonaventura Constructions | Loan | **-*** | -* | Borrower | Tata Capital Financial Services Limited |
| Metropolitan Stationers (B) Pvt Ltd. | Printing and stationary expenses | **-** | - | Creditor | Tata Securities Limited |

*Amount less than ₹50,000

**Note 48:** On cessation of equity broking activities in 2003 in Tata Securities Limited (Erstwhile known as Tata TD Waterhouse Securities Limited), the Company had reconciled the stocks held in its beneficiary account on behalf of clients .The stocks after reconciliation was transferred to DP opened in IL&FS Securities Limited (DP a/c no-10920737). In March 20, 2020 DP account was opened in Tata Securities Limited (DP a/c no-257091) and all the stocks from IL&FS Securities Limited (DP a/c no-10920737) DP accounts were transferred to Tata Securities DP accounts except stock of Cyberspace. The Cyberspace stock could not be transfer due to inactive ISIN, so the Cyberspace shares are still lying with IL&FS Securities Limited DP accounts. There is no client outstanding as on March 31, 2023. The value of the stocks as on March 31, 2023 is ₹12.91 lakh.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note 49:** The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Group, same are not covered:

a) The Group has not traded or invested in crypto currency or virtual currency during the financial year.

b) No proceedings have been initiated or are pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

c) The Group has not been declared willful defaulter by any bank or financial institution or government or any government authority.

d) No satisfaction of charges are pending to be filed with ROC.

e) 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.

**Note 50:** The Group has assessed its obligations arising in the normal course of business, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Indian Accounting Standard (Ind AS) - 37 on 'Provisions, Contingent Liabilities and Contingent Assets', the Group 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 Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

**Note 51:** The Board of Directors have recommended a final dividend of Re. 0.21 per equity share for the financial year 2022-23 (resulting in total dividend of ₹ 7,476 lakh), subject to approval of the shareholders in the forthcoming Annual General Meeting of the Company.

**Note 52:** The Board of Directors of Tata Capital Limited ('the Holding Company' or "TCL') at its meeting held on March 28, 2023, approved the merger by way of a Scheme of Arrangement of Tata Capital Financial Services Limited ("TCFSL"), a wholly owned subsidiary of the Company and Tata Cleantech Capital Limited ("TCCL"), a subsidiary of the Company with TCL ("the Scheme"), under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder. The Scheme will become effective upon fulfilment of all the conditions set out in the Scheme including approval of the Scheme by the National Company Law Tribunal ('NCLT') and grant of NBFC license in the name of TCL by Reserve Bank of India and upon other Regulatory approvals from the appointed date i.e. April 1, 2023 or such other later date as may be decided by the Board of Directors.

Upon the Scheme becoming effective:

a) TCL will carry on all the business activities undertaken by TCFSL and TCCL as an NBFC. From the appointed date to the effective date, the said businesses would continue to be carried on by TCFSL and TCCL for and on behalf of and in trust for TCL.

b) All the shares of TCFSL and TCCL held by TCL (either directly and/or through nominees) would stand cancelled without any further application, act or deed.

c) The scheme does not envisage issuance of any equity shares for merger of TCFSL and TCCL, except for a minority shareholder of the latter based on valuation carried out by independent valuers.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

d) The holders of Non-Convertible Debentures (NCDs) of TCFSL and TCCL will become holders of NCDs of TCL on the same terms and conditions (including same rights, interests and benefits).

**Note 53:** The Group 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 Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

The Group 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.

**Note 54:** Figures in the previous year have been regrouped wherever necessary, in order to make them comparable in the current year.

In terms of our report of even date

**For KKC & Associates LLP**
*Chartered Accountants*
(formerly Khimji Kunverji & Co LLP)
Firm's Registration No: 105146W/W100621

**Hasmukh B. Dedhia**
*(Partner)*
Membership No: 033494

Mumbai
April 27, 2023

For and on behalf of the Board of Directors

**Saurabh Agrawal**
*(Chairman)*
DIN: 02144558

**F. N. Subedar**
*(Director)*
DIN: 00028428

**Varsha Purandare**
*(Director)*
DIN : 05288076

**Malvika Sinha**
*(Director)*
DIN: 08373142

**V.S. Radhakrishnan**
*(Director)*
DIN: 08064705

**Mathew Cyriac**
*(Director)*
DIN: 01903606

**Aarthi Subramanian**
*(Director)*
DIN: 07121802

**Rajiv Sabharwal**
*(Managing Director & CEO)*
DIN: 00057333

**Sarita Kamath**
*(Head - Legal and Compliance & Company Secretary)*

**Rakesh Bhatia**
*(Chief Financial Officer)*

# Salient Features of Financial Statements of Subsidiaries / Associates / Joint Ventures

# Form AOC - 1

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

## Part "A": Subsidiaries

(₹ In lakh)

| 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 Liabilitites | Investments | Turnover | Profit / (Loss) before Taxation | Provision for taxation | Profit / (Loss) After Taxation | Proposed Dividend | % of Shareholding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Tata Capital Financial Services Limited | November 19, 2010 | INR | 1,71,885 | 8,53,934 | 78,49,940 | 68,24,121 | 4,13,755 | 7,93,886 | 1,85,314 | 47,157 | 1,38,157 | - | 100.00 |
| 2 | Tata Capital Housing Finance Limited | October 15, 2008 | INR | 57,075 | 4,29,329 | 40,66,039 | 35,79,635 | 2,64,843 | 3,81,833 | 1,10,098 | 28,013 | 82,085 | - | 100.00 |
| 3 | Tata Cleantech Capital Limited | September 27, 2011 | INR | 45,929 | 1,49,770 | 11,23,845 | 9,28,146 | 85,182 | 1,02,553 | 37,061 | 9,209 | 27,852 | - | 80.50 |
| 4 | Tata Capital Pte. Limited (2) | April 25, 2008 | 1 USD = 82.1593 INR | 17,816 | 37,433 | 72,287 | 17,038 | 67,741 | 7,204 | 6,100 | (107) | 6,207 | - | 100.00 |
| 5 | Tata Capital Advisors Pte. Limited (2) | April 25, 2008 | 1 USD = 82.1593 INR | 6,219 | 3,924 | 13,519 | 3,375 | 27 | 4,413 | 1,607 | 107 | 1,500 | - | 100.00 |
| 6 | Tata Capital General Partners LLP (2) | January 28, 2010 | 1 USD = 82.1593 INR | 4,108 | 418 | 5,540 | 1,014 | - | 3,446 | 1,742 | - | 1,742 | - | 80.00 |
| 7 | Tata Capital Growth II General Partners LLP (2) | September 28, 2018 | 1 USD = 82.1593 INR | 16 | 21 | 71 | 34 | - | 321 | 2 | - | 2 | - | 80.00 |
| 8 | Tata Capital Healthcare General Partners LLP (2) | June 17, 2010 | 1 USD = 82.1593 INR | 41 | (15) | 46 | 20 | - | 59 | (3) | - | (3) | - | 100.00 |
| 9 | Tata Capital Healthcare II General Partners LLP(2) | September 12, 2019 | 1 USD = 82.1593 INR | 8 | 17 | 38 | 13 | - | 143 | 6 | - | 6 | - | 100.00 |
| 10 | Tata Opportunities General Partners LLP (2) | November 1, 2010 | 1 USD = 82.1593 INR | 9 | 5 | 20 | 6 | - | 2,533 | (1) | - | (1) | - | 90.00 |
| 11 | Tata Capital PLC (6) | November 10, 2009 | 1 GBP = 101.6070 INR | 1,016 | 132 | 1,148 | - | - | - | (23) | - | (22) | - | 100.00 |
| 12 | Tata Securities Limited | July 27, 2007 | INR | 1,383 | (163) | 1,862 | 642 | 563 | 469 | (1,521) | - | (1,521) | - | 100.00 |
| 13 | Tata Capital Growth Fund I-Trust (3) | July 26, 2010 | INR | 15,119 | 21,118 | 36,295 | 58 | 36,220 | 5,664 | 5,658 | 1 | 5,657 | - | 73.75 |
| 14 | Tata Capital Special Situation Fund - Trust (3) | March 15, 2010 | INR | 14,526 | (9,972) | 4,565 | 11 | 4,509 | 26 | 6 | 1 | 5 | - | 28.20 |

| 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 Liabilitites | Investments | Turnover | Profit / (Loss) before Taxation | Provision for taxation | Profit / (Loss) After Taxation | Proposed Dividend | % of Shareholding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | Tata Capital Healthcare Fund I - Trust [3] | May 5, 2010 | INR | 10,434 | (7,069) | 3,435 | 70 | 3,414 | 1 | (566) | - | (566) | - | 32.17 |
| 16 | Tata Capital Healthcare Fund II- Trust [3&5] | September 12, 2019 | INR | 34,934 | (6,417) | 28,591 | 74 | 28,494 | 28 | (1,631) | - | (1,631) | - | 16.07 |
| 17 | Tata Capital Innovations Fund - Trust [3] | August 31, 2010 | INR | 23,958 | (22,415) | 1,751 | 208 | 1,699 | 1,877 | 1,591 | 2 | 1,589 | - | 27.84 |
| 18 | Tata Capital Growth Fund II - Trust [3&5] | September 28, 2018 | INR | 61,851 | (2,002) | 59,895 | 46 | 59,823 | 46 | (11,386) | - | (11,386) | - | 32.55 |
| 19 | TCL Employee Welfare - Trust [4] | March 2, 2010 | INR | - | 1,926 | 9,833 | 7,907 | 9,205 | 261 | 260 | 63 | 197 | - | - |

Notes - Part "A"

1) Reporting period for all subsidiaries is the same as holding company.

2) Share Capital / Partner's Capital/Unitholder's Capital, Reserves & Surplus, Total Assets, Total Liabilities and Investments are translated at exchange rate as on March 31, 2023 as: 1 USD = ₹ 82.1593 INR and 1 GBP = ₹ 101.6070 INR whereas Turnover, Profit/(Loss) before Taxation, Provision for Taxation and Profit / (Loss) after Taxation are translated at annual average rate of 1 USD = ₹ 80.2213 INR and 1 GBP = ₹ 96.7067 INR.

3) Though Trusts would not be considered as body corporates under the Companies Act 2013, these have been disclosed as a measure of good governance.

4) The Employee Welfare Trust (""Trust"") has been constituted to administer the Tata Capital Limited Employee Stock Purchase / Option Scheme (""Scheme""), introduced by the Company, The Trust has been settled by way of a deed executed between the Trustee(s) and the settler. The Trust has been constituted, inter area, for the benefit of the employees of the company, its subsdiaries and the holding company (i.e Eligible Employees), in accourdance with scheme. The beneficiaries of the Trust are the Eligible Employees as defined in the Scheme and decided by the Nomination and Remuneration Committee of the Company. Thus, the Reserves & Surplus and Profit After Taxation belong entirely to the Non-Controlling Interest holder i.e. the Eligible Employees. It may be noted that the Trust is a Subsidiary in accordance with Indian Accounting Standards (""Ind As"").

5) Consolidated based on beneficial interest held.

6) Tata Capital Plc, registered in UK, has filed for liquidation on March 28th, 2023.

## Part "B": Associates

### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

(₹ 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 | Alef Mobitech Solutions Private Limited | March 31, 2022 | November 30, 2015 | 4,96,276 | 1,588 | 25.70% | Based on rights under definitive documents | N.A. | 125 | - | - |
| 2 | Tema India Limited | March 31, 2022 | October 31, 2013 | 19,85,524 | 4,201 | 35.01% | | N.A. | 6,051 | 291 | 539 |
| 3 | Indusface Private Limited | March 31, 2022 | April 21, 2020 | 4,51,721 | 3,500 | 36.91% | | N.A. | 996 | (365) | (624) |
| 4 | Cnergyis Infotech India Pvt Ltd | March 31, 2022 | January 10, 2022 | 87,282 | 5,709 | 35.82% | | N.A. | 1,976 | (696) | (2,131) |
| 5 | Vortex Engineering Private Limited | March 31, 2022 | December 13, 2011 | 1,39,415 | 2,900 | 18.50% | | N.A. | 548 | - | - |
| 6 | Novalead Pharma Private Limited | March 31, 2021 | August 31, 2010 | 11,477 | 2,335 | 19.75% | | N.A. | 406 | - | - |
| 7 | Sea6 Energy Private Limited | March 31, 2022 | August 7, 2015 | 14,958 | 2,060 | 13.40% | | N.A. | 722 | (654) | (3,685) |
| 8 | TVS Supply Chain Solutions Limited | March 31, 2022 | September 3, 2015 | 14,54,880 | 982 | 0.40% | | N.A. | 302 | 15 | 3,660 |
| 9 | Fincare Business Services Limited | March 31, 2022 | March 21, 2017 | 25,47,910 | 734 | 0.76% | | N.A. | 542 | (3) | (410) |
| 10 | Tata Projects Limited | March 31, 2022 | June 24, 2015 | 36,71,821 | 5,478 | 2.21% | | N.A. | 4,480 | (2,279) | (1,00,785) |
| 11 | Tata Play Limited (formerly known as Tata Sky Limited) | March 31, 2022 | September 13, 2013 | 1,00,72,871 | 5,242 | 0.72% | | N.A. | (284) | (138) | (19,034) |
| 12 | Fincare Small Finance Bank | March 31, 2022 | January 21, 2021 | 2,38,980 | 145 | 0.11% | | N.A. | 132 | (2) | (2,137) |
| 13 | Linux Laboratories Pvt Ltd | March 31, 2022 | February 22, 2021 | 3,600 | 1,500 | 3.90% | | N.A. | 311 | (3) | (86) |
| 14 | Kapsons Industries Private Limited | March 31, 2022 | December 24, 2014 | 2,857 | 1 | 0.01% | | N.A. | (4,797) | - | - |
| 15 | Atulaya Healthacare Private Limited | March 31, 2022 | July 20, 2021 | 100 | 1 | 0.01% | | N.A. | 7,286 | 1 | 284 |
| 16 | Anderson Diagnostic Services Private Limited | March 31, 2022 | June 8, 2022 | 22,836 | 1,500 | 4.48% | | N.A. | 178 | 3 | 84 |

1. Roots Corporation Limited ceased to be Associate company w.e.f. March 25, 2022.
2. Tata AutoComp Systems Limited ceased to be an Associate company w.e.f. March 23, 2023.
3. Tata Technologies Limited ceased to be an Associate company w.e.f. December 12, 2022.

For and on behalf of the Board of Directors

**Saurabh Agrawal**
*(Chairman)*
DIN: 02144558

**F. N. Subedar**
(Director)
DIN: 00028428

**Varsha Purandare**
*(Director)*
DIN : 05288076

**Malvika Sinha**
*(Director)*
DIN: 08373142

**V.S. Radhakrishnan**
*(Director)*
DIN: 08064705

**Mathew Cyriac**
*(Director)*
DIN: 01903606

**Aarthi Subramanian**
*(Director)*
DIN: 07121802

**Rajiv Sabharwal**
*(Managing Director & CEO)*
DIN: 00057333

**Sarita Kamath**
*(Head - Legal and Compliance & Company Secretary)*

**Rakesh Bhatia**
*(Chief Financial Officer)*

Mumbai
April 27, 2023

TATA CAPITAL

Count on us

# Standalone Financial Statements

# INDEPENDENT AUDITOR'S REPORT

**TO**
**THE MEMBERS OF**
**TATA CAPITAL LIMITED**

**Report on the audit of the Standalone Financial Statements**

**Opinion**

1. We have audited the accompanying standalone Ind AS financial statements of Tata Capital Limited ('the Company'), which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information ('the Standalone Financial Statements').

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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

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

| Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| **Impairment of investments in subsidiaries and associates**<br>**Charge: ₹ 892 lakh for year ended 31 March 2023**<br>**Provision: ₹ 7,776 lakh at 31 March 2023**<br><br>*Refer to the accounting policies in "Note 28 to the Standalone Ind AS Financial Statements: Impairment of Investments at Cost and Financial Instruments", "Note 7 to the Standalone Ind AS Financial Statements: Investments" "Note 2(v) to the Standalone Ind AS Financial Statements: Significant Accounting Policies-use of estimates", "Note 39 to the Standalone Ind AS Financial Statements: Financial Risk Review"* | |
| **Subjective estimate**<br>Recognition and measurement of investments in subsidiaries and associates involve significant management judgement.<br><br>As detailed in Note 7, the Company has investment in subsidiaries amounting to ₹ 10,96,593 Lakhs and associate companies amounting to ₹ 10,720 Lakhs. Such investments are individually assessed for impairment as per the requirements of Ind AS 36 -"Impairment of Assets."<br><br>We have identified impairment testing of investments in subsidiaries and associates as a Key Audit Matter due to the magnitude of the carrying value of investments in subsidiaries and associates of the Company, which were more than 73% of the total assets of the Company as on 31 March 2023. Considering that the Company is a Core Investment Company ('CIC') which is primarily required to hold investments and loans in group companies as per Reserve Bank of India Master Directions for CICs, impairment testing of investments in such group companies continues to remain an area of focus for the audit. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of impairment are:<br><br>➢ As part of such impairment assessment, management considers financial information, liquidity and solvency position of investments in subsidiaries and associates. Management also considers other factors such as assessment of the investee company's operations, business performance and modifications, if any, in the auditors' report of such subsidiaries and associates. For some investee companies which are classified as associates, the management sometimes involves an external valuer to assess impairment. | Our audit procedures included the following:<br><br>**Design / controls**<br>➢ Understanding of the process, evaluating the design and testing the operating effectiveness in respect of impairment / fair value assessment of investments done by management.<br><br>➢ Evaluating management's controls over collation of relevant information used for determining estimates for impairment / fair value of investments.<br><br>**Substantive tests**<br>➢ Testing appropriate implementation of policy of impairment by management.<br><br>➢ Reconciling the financial information mentioned in impairment assessment to underlying source details. Also, testing the reasonableness of management's estimates considered in such assessment.<br><br>➢ Obtaining and reading latest audited / management certified financial statements of subsidiaries and associates and noting key financial attributes / potential indicators of impairment.<br><br>➢ Challenge appropriateness and validity of management judgements, more so amidst challenging times of pandemic by critically evaluating the risks that have been addressed by management in the valuation approach.<br><br>➢ Obtaining independent valuation reports of investments in associates and investments held by the Funds and involving a valuation specialist to test the appropriateness of the fair value of these investments, wherever necessary and applicable, for assessing impairment thereon. |

| | |
|---|---|
| ➢ The Company has investments in Domestic Venture Capital Funds/ Alternative Investment Funds ('the Funds'), which are classified as its subsidiaries, and the impairment assessment for such Funds is done by considering the net asset value of the respective Fund. The net asset value is determined based on the value of the underlying investments held by these Funds. The management involves an external valuer to assess impairment or the fair value of the underlying investments. This process involves consideration of various valuation methodologies such as income or market approach, includes data inputs, assumptions and market related knowledge that requires management judgement and expertise.<br><br>Hence, we determined that the impairment of investments in subsidiaries and associates, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Standalone Financial Statements as a whole. | ➢ Assess the completeness, accuracy and relevance of data inputs for the said purpose. Assessing the factual accuracy and appropriateness of the disclosures made in the Standalone Financial Statements. |

**Other Information**

5. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Standalone Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

6. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

9. In preparing the Standalone Financial Statements, the Management is 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 Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. 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**

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

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

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

    12.2. 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) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.

    12.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

    12.4. Conclude on the appropriateness of the 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 Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    12.5. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report

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

**Report on Other Legal and Regulatory Requirements**

16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by Section 143(3) of the Act, we report that:

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

    17.2. 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.

    17.3. The standalone balance sheet, the standalone statement of profit and loss including other comprehensive income, the statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of account.

    17.4. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

    17.5. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

    17.6. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

    17.7. In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act.

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

    18.1 The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its Standalone Financial Statements – Refer Note 20 to the Standalone Financial Statements;

    18.2 The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 48 to the Standalone Financial Statements;

    18.3 There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

    18.4 The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('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 ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

18.5 The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('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.

18.6 Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under para 18.4 and 18.5 contain any material misstatement.

18.7 As stated in Note 52 to the standalone Financial statements

a. The final dividend proposed in previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

b. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in compliance with Section 123 of the Act.

c. The Board of directors of the Company have proposed final dividend for the year which is subject to approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

18.8 Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), provides for the feature of recording of audit trail (edit log) facility in the accounting software used by the Company for maintenance of books of account, which is applicable to the Company from financial year beginning 1 April 2023. The reporting under clause (g) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 would be done from financial year 2023-24 onwards.

**For KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

**Hasmukh B Dedhia**
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSQL1188

Mumbai
27 April 2023

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF TATA CAPITAL LIMITED FOR THE YEAR ENDED 31 MARCH 2023

**(Referred to in paragraph 16 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ('PPE').

The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified once in 3 years by external vendor and once in 2 years by Management. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, PPE were physically verified by the external vendor during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.

(e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, 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. Refer note 51 to the Standalone Ind AS Financial Statements.

ii. (a) The company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of Clause 3(ii)(a) of the Order is not applicable to it.

(b) In our opinion and according to the information and explanations given to us, the Company does not have sanctioned working capital limits from banks or financial institutions which are secured on the basis of security. Accordingly, the provision of Clause 3(ii)(b) of the Order is not applicable to it.

iii. (a) Since the Company's principal business is to give loans, the provisions of Clause 3(iii)(a) of the Order are not applicable to it.

(b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.

(c) In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular during the year.

(d) No amount is overdue in respect of loans and advances in the nature of loans.

(e) Since the Company's principal business is to give loans, the provisions of Clause (3)(iii)(e) of the Order are not applicable to it.

(f) In our opinion and according to the information and explanations given to us, the Company has granted loans or advances in the nature of loans to Promoters/Related Parties (as defined in section 2(76) of the Act) which are either repayable on demand or without specifying any terms or period of repayment.

(₹ in crores)

| | All Parties | Promoters | Related Parties |
|---|---|---|---|
| Aggregate amount of loans/ advances in nature of loans | | | |
| - Repayable on demand (A) | 443.76 | - | 443.76 |
| - Agreement does not specify any terms or period of repayment (B) | - | - | - |
| **Total (A+B)** | **443.76** | **-** | **443.76** |
| Percentage of loans/ advances in nature of loans to the total loans | | | 100% |

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 with respect to the loans given, investments made, guarantees given and security provided.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of Clause 3(vi) of the Order is not applicable to it.

vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been generally regularly deposited by the Company with the appropriate authorities in all cases during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) In our opinion and according to the information and explanations given to us, we confirm that the following dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, have not been deposited to/with the appropriate authority on account of any dispute.

| Name of the Statute | Nature of the Dues | Amount (₹ in crores) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 5.30 | 2016-17 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 10.65 | 2017-18 | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 3.43 | 2019-20 | Assessing Officer |

| Name of the Statute | Nature of the Dues | Amount (₹ in crores) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Value Added Tax - Andhra Pradesh | Value Added Tax | 0.02 | 2009-10 | Tribunal (Commercial Tax) |
| Value Added Tax - Delhi | Value Added Tax | 0.11 | 2011-12 | Joint Commissioner of Sales Tax - Appeal |
| Value Added Tax - West Bengal | Value Added Tax | 0.18 | 2011-12 | Joint Commissioner of Sales Tax - Appeal |

viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions 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.

ix. (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 42 and 62 of the Act in connection with the funds raised through private placement of shares and the same have been utilized for the purposes for which they were raised. The Company has not made preferential allotment /private placement of /fully/ partially/optionally convertible debentures during the year.

xi. (a) In our opinion and according to the information and explanations given to us, there has been no fraud by the Company or any fraud on the Company that has been noticed or reported during the year.

(b) In our opinion and according to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.

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

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

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, during the course of our audit, the reports of the Internal Auditor(s) for the period under audit in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors".

xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company and hence provisions of section 192 of the Act, 2013 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 the Company has obtained the required registration.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is a Core Investment Company ('CIC') as defined in the regulations made by Reserve Bank of India. The Company has obtained the required registration with Reserve Bank of India and continues to fulfil the criteria of a CIC.

(d) According to the information and explanation given to us by the management, the Group 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.

xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly paragraph 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not 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. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub section 5 of section 135 of the Act pursuant to any ongoing CSR project.

xxi. Reporting under clause xxi of the Order is not applicable at the standalone level.

**For KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

**Hasmukh B Dedhia**
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSQL1188

Mumbai
27 April 2023

# ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF TATA CAPITAL LIMITED FOR THE YEAR ENDED 31 MARCH 2023

**(Referred to in paragraph '17.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').**

**Opinion**

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of Tata Capital Limited ("the Company") as at 31 March 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

**Management's responsibility for Internal Financial Controls**

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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**

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, 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 Standalone Financial Statements, whether due to fraud or error.

6. 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 the Standalone Financial Statements.

**Meaning of Internal Financial Controls with reference to the Standalone Financial Statements**

7. A company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Standalone Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 Standalone Financial Statements.

**Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements**

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

**For KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

**Hasmukh B Dedhia**
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSQL1188

Mumbai
27 April 2023

## STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

(₹ in lakh)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **(I) Financial Assets** | | | |
| (a) Cash and cash equivalents | 3 | **212** | 195 |
| (b) Bank balance other than (a) above | 4 | **2** | 13 |
| (c) Receivables | | | |
| (i) Trade receivables | 5(i) | **788** | 1,265 |
| (ii) Other receivables | 5(ii) | **2** | 24 |
| (d) Loans | 6 | **44,198** | 97,510 |
| (e) Investments | 7 | **14,59,849** | 10,13,997 |
| (f) Other financial assets | 8 | **575** | 774 |
| **Total Financial Assets** | | **15,05,626** | **11,13,778** |
| **(II) Non-Financial Assets** | | | |
| (a) Current tax assets (net) | | **157** | 2,222 |
| (b) Investment property | 10 | **4,622** | 4,935 |
| (c) Property, plant and equipment | 10 | **3,361** | 3,504 |
| (d) Other intangible assets | 10 | **1** | 2 |
| (e) Right of use assets | 10 | **853** | 37 |
| (f) Other non-financial assets | 11 | **1,635** | 1,773 |
| **Total Non-Financial Assets** | | **10,629** | 12,473 |
| **Total Assets** | | **15,16,255** | **11,26,251** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **(I) Financial Liabilities** | | | |
| (a) Payables | | | |
| (i) Trade payables | | | |
| - Total outstanding dues of micro enterprises and small enterprises | 12(i) | **1** | 9 |
| - Total outstanding dues other than micro enterprises and small enterprises | 12 | **2,939** | 2,297 |
| (b) Debt securities | 13 | **3,32,351** | 2,98,046 |
| (c) Subordinated liabilities | 14 | **1,07,013** | 1,10,983 |
| (d) Lease liability | | **840** | 36 |
| (e) Other financial liabilities | 15 | **9,415** | 10,963 |
| **Total Financial Liabilities** | | **4,52,559** | **4,22,334** |
| **(II) Non-Financial Liabilities** | | | |
| (a) Provisions | 16 | **378** | 436 |
| (b) Deferred tax liabilities (Net) | 9 | **49,074** | 80 |
| (c) Other non-financial liabilities | 17 | **3,191** | 1,603 |
| **Total Non-Financial Liabilities** | | **52,643** | **2,119** |
| **EQUITY** | | | |
| (a) Equity share capital | 18 | **3,56,012** | 3,51,617 |
| (b) Other equity | 19 | **6,55,041** | 3,50,181 |
| **Total Equity** | | **10,11,053** | **7,01,798** |
| **Total Liabilities and Equity** | | **15,16,255** | **11,26,251** |
| Summary of significant accounting policies | 2 | | |
| See accompanying notes forming part of the Standalone Financial Statements | 3-54 | | |

In terms of our report of even date

**For KKC & Associates LLP**
*Chartered Accountants*
(formerly Khimji Kunverji & Co LLP)
Firm's Registration No: 105146W/W100621

**Hasmukh B. Dedhia**
*(Partner)*
Membership No: 033494

Mumbai
April 27, 2023

For and on behalf of the Board of Directors

**Saurabh Agrawal**
*(Chairman)*
DIN: 02144558

**F. N. Subedar**
*(Director)*
DIN: 00028428

**Varsha Purandare**
*(Director)*
DIN : 05288076

**Malvika Sinha**
*(Director)*
DIN: 08373142

**V.S. Radhakrishnan**
*(Independent Director)*
DIN: 08064705

**Mathew Cyriac**
*(Independent Director)*
DIN: 01903606

**Aarthi Subramanian**
*(Director)*
DIN: 07121802

**Rajiv Sabharwal**
*(Managing Director & CEO)*
DIN: 00057333

**Sarita Kamath**
*(Head - Legal and Compliance & Company Secretary)*

**Rakesh Bhatia**
*(Chief Financial Officer)*

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakh)

| | Particulars | Note No. | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|---|---|
| **I** | **Revenue from operations** | | | |
| (i) | Interest income | 22 | **8,351** | 14,213 |
| (ii) | Dividend income | | **13,403** | 20,717 |
| (iii) | Rental income | | **1,905** | 1,901 |
| (iv) | Fee and commission income | 23 | **6,383** | 5,214 |
| (v) | Net gain on fair value changes | 24 | **988** | 518 |
| (vi) | Net gain on de-recognition of associate | | **-** | 923 |
| **I** | **Total revenue from operations** | | **31,030** | **43,486** |
| II | Other income | 25 | **4,365** | 4,732 |
| III | Profit on sale of investment | | **99,918** | 2,971 |
| **IV** | **Total income (I+II+III)** | | **1,35,313** | **51,189** |
| **V** | **Expenses** | | | |
| (i) | Finance costs | 27 | **30,483** | 28,970 |
| (ii) | Impairment on investments at cost and financial instruments | 28 | **621** | 730 |
| (iii) | Employee benefits expense | 29 | **10,943** | 8,742 |
| (iv) | Depreciation, amortisation and impairment | 10 | **1,127** | 710 |
| (v) | Other expenses | 30 | **3,576** | 1,742 |
| **V** | **Total expenses** | | **46,750** | **40,894** |
| **VI** | **Profit before exceptional items and tax (IV-V)** | | **88,563** | **10,295** |
| **VII** | **Exceptional items** | | **-** | - |
| **VIII** | **Profit before tax (VI-VII)** | | **88,563** | **10,295** |
| **IX** | **Tax expenses** | | | |
| | (1) Current tax | | | |
| | - Current tax charge | | **17,651** | 1,826 |
| | - Short/ (Excess) of previous years | | **(1,416)** | - |
| | (2) Deferred tax charge | | **278** | 159 |
| **IX** | **Total Net tax expense** | **31** | **16,513** | **1,985** |
| **X** | **Profit for the period (VIII-IX)** | | **72,050** | **8,310** |
| **XI** | **Other Comprehensive Income** | | | |
| **(A)** | **(i) Items that will not be reclassified to profit or loss** | | | |
| | (a) Remeasurement of defined employee benefit plans | | **(138)** | 9 |
| | (b) Equity instruments through Other Comprehensive Income | | **2,32,651** | - |
| | **(ii) Income tax relating to items that will not be reclassified to profit or loss** | | | |
| | (a) Remeasurement of defined employee benefit plans | | **35** | (2) |
| | (b) Equity instruments through Other Comprehensive Income | | **(48,955)** | - |
| | **Subtotal A ((i) + (ii))** | | **1,83,593** | **7** |

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakh)

| Particulars | Note No. | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|---|
| **(B) (i) Items that will be reclassified to profit or loss** | | | |
| (a) Debt instruments at fair value through Other Comprehensive Income - net change in fair value | | **(1,041)** | (144) |
| **(ii) Income tax relating to items that will be reclassified to profit or loss** | | **238** | 38 |
| **Subtotal B ((i) + (ii))** | | **(803)** | **(106)** |
| **XI Total Other Comprehensive Income (A+B)** | | **1,82,790** | **(99)** |
| **XII Total Comprehensive Income for the year (X+XI)** | | **2,54,840** | **8,211** |
| **XIII Earnings per equity share** | 32 | | |
| Equity Share of par value ₹ 10/- each | | | |
| (1) Basic (₹) | | **2.05** | 0.24 |
| (2) Diluted (₹) | | **2.05** | 0.24 |
| Summary of significant accounting policies<br>See accompanying notes forming part of the Standalone Financial Statements | 2<br>3-54 | | |

In terms of our report of even date

**For KKC & Associates LLP**
*Chartered Accountants*
(formerly Khimji Kunverji & Co LLP)
Firm's Registration No: 105146W/W100621

**Hasmukh B. Dedhia**
*(Partner)*
Membership No: 033494

Mumbai
April 27, 2023

For and on behalf of the Board of Directors

**Saurabh Agrawal**
*(Chairman)*
DIN: 02144558

**F. N. Subedar**
*(Director)*
DIN: 00028428

**Varsha Purandare**
*(Director)*
DIN : 05288076

**Malvika Sinha**
*(Director)*
DIN: 08373142

**V.S. Radhakrishnan**
*(Independent Director)*
DIN: 08064705

**Mathew Cyriac**
*(Independent Director)*
DIN: 01903606

**Aarthi Subramanian**
*(Director)*
DIN: 07121802

**Rajiv Sabharwal**
*(Managing Director & CEO)*
DIN: 00057333

**Sarita Kamath**
*(Head - Legal and Compliance & Company Secretary)*

**Rakesh Bhatia**
*(Chief Financial Officer)*

## STANDALONE STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED MARCH 31, 2023

### a Equity share capital

(₹ in lakh)

| Particulars | |
|---|---|
| **Balance as at April 1, 2021** | **3,51,617** |
| Changes in equity share capital due to prior period errors | - |
| **Restated balance as at April 1, 2021** | **3,51,617** |
| Changes in equity share capital during the period | - |
| **Balance as at March 31 2022** | **3,51,617** |
| **Balance as at April 1, 2022** | **3,51,617** |
| Changes in equity share capital due to prior period errors | - |
| **Restated balance as at April 1, 2022** | **3,51,617** |
| Changes in equity share capital during the period | 4,395 |
| **Balance as at March 31, 2023** | **3,56,012** |

### b Other equity

(₹ in lakh)

| Particulars | Reserves and surplus | | | | | ESOP Reserve | General reserve | Debt instruments at fair value through Other Comprehensive Income | Equity instruments through Other Comprehensive Income | Remeasurement of defined benefit (liability) /asset | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | Capital Redemption Reserve | Securities premium Account | Special Reserve Account | Retained earnings | | | | | | |
| **Balance as at April 1, 2021** | **93** | **575** | **2,95,866** | **25,670** | **17,084** | **1,047** | **288** | **563** | **-** | **74** | **3,41,260** |
| Changes in accounting policy / prior period errors | - | - | - | - | - | - | - | - | - | - | - |
| **Restated balance as at April 1, 2021** | **93** | **575** | **2,95,866** | **25,670** | **17,084** | **1,047** | **288** | **563** | **-** | **74** | **3,41,260** |
| Profit for the year | - | - | - | - | 8,310 | - | - | - | | - | 8,310 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | (106) | | 7 | (99) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **8,310** | **-** | **-** | **(106)** | **-** | **7** | **8,211** |
| Transfer to special reserve account | - | - | - | 1,699 | (1,699) | - | - | - | - | - | - |
| ESOP option cost | - | - | - | - | - | 709 | - | - | - | - | 709 |
| ESOP option cost transferred to general reserve | | | | | | | | - | - | - | - |
| **Balance as at March 31, 2022** | **93** | **575** | **2,95,866** | **27,369** | **23,696** | **1,756** | **288** | **457** | **-** | **81** | **3,50,181** |
| **Balance as at April 1, 2022** | **93** | **575** | **2,95,866** | **27,369** | **23,696** | **1,756** | **288** | **457** | **-** | **81** | **3,50,181** |
| Changes in accounting policy / prior period errors | - | - | - | - | - | - | - | - | - | - | - |
| **Restated balance as at April 1, 2022** | **93** | **575** | **2,95,866** | **27,369** | **23,696** | **1,756** | **288** | **457** | **-** | **81** | **3,50,181** |
| Profit for the year | - | - | - | - | 72,050 | - | - | - | - | - | 72,050 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | (803) | 1,83,696 | (103) | 1,82,790 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **72,050** | **-** | **-** | **(803)** | **1,83,696** | **(103)** | **2,54,839** |

## STANDALONE STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED MARCH 31, 2023 *(contd...)*

| Particulars | Reserves and surplus | | | | | ESOP Reserve | General reserve | Debt instruments at fair value through Other Comprehensive Income | Equity instruments through Other Comprehensive Income | Remeasurement of defined benefit (liability) /asset | Total other equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | Capital Redemption Reserve | Securities premium Account | Special Reserve Account | Retained earnings | | | | | | |
| Dividend on equity shares | - | - | - | - | (5,626) | - | - | - | | - | (5,626) |
| Transfer to special reserve account | - | - | - | 14,428 | (14,428) | - | - | - | - | - | - |
| ESOP option cost | - | - | - | - | - | 664 | - | - | | - | 664 |
| ESOP option cost transferred to general reserve | - | - | - | - | - | | - | - | - | - | - |
| Addition on account of issue of equity shares | - | - | 54,984 | - | - | - | - | - | | - | 54,984 |
| Realised OCI pertaining to Transition reclassed | - | - | - | - | (346) | - | - | 346 | - | - | - |
| **Balance as at March 31, 2023** | **93** | **575** | **3,50,850** | **41,797** | **75,345** | **2,420** | **288** | **-** | **1,83,696** | **(22)** | **6,55,041** |

In terms of our report of even date

**For KKC & Associates LLP**
*Chartered Accountants*
(formerly Khimji Kunverji & Co LLP)
Firm's Registration No: 105146W/W100621

**Hasmukh B. Dedhia**
*(Partner)*
Membership No: 033494

Mumbai
April 27, 2023

For and on behalf of the Board of Directors

**Saurabh Agrawal**
*(Chairman)*
DIN: 02144558

**F. N. Subedar**
*(Director)*
DIN: 00028428

**Varsha Purandare**
*(Director)*
DIN : 05288076

**Malvika Sinha**
*(Director)*
DIN: 08373142

**V.S. Radhakrishnan**
*(Independent Director)*
DIN: 08064705

**Mathew Cyriac**
*(Independent Director)*
DIN: 01903606

**Aarthi Subramanian**
*(Director)*
DIN: 07121802

**Rajiv Sabharwal**
*(Managing Director & CEO)*
DIN: 00057333

**Sarita Kamath**
*(Head - Legal and Compliance & Company Secretary)*

**Rakesh Bhatia**
*(Chief Financial Officer)*

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(₹ in lakh)

| Particulars | Note No. | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|---|
| **1. CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit before tax | | **88,563** | 10,295 |
| **Adjustments for :** | | | |
| Dividend income | | **(13,403)** | (20,717) |
| Interest income | | **(8,351)** | (14,213) |
| Net gain/(loss) on fair value changes | | **(988)** | (518) |
| Finance cost | | **30,483** | 28,970 |
| Provision for employee benefits | | **(28)** | (106) |
| Impairment loss allowance against stage I and stage II assets | | **(271)** | (122) |
| Impairment loss / Write off for diminution in value of investments | | **892** | 227 |
| Distribution of interest income by private equity funds | | **(0)*** | (2) |
| Equity settled share based payments cost | | **956** | 709 |
| Depreciation, amortisation and impairment | | **1,127** | 710 |
| Profit on sale of investments | | **(99,918)** | (2,971) |
| Net gain on derecognition of associate | | **-** | (923) |
| Realised OCI gain/ loss recognition | | **(318)** | - |
| Net Impact on fair valuation of security deposit received/ given | | **(381)** | (406) |
| Net gain on derecognition of property, plant and equipment | | **(28)** | (1) |
| | | **(1,664)** | **932** |
| Interest paid | | **(18,887)** | (18,342) |
| Interest received | | **8,739** | 14,316 |
| Dividend received | | **13,403** | 20,717 |
| **Operating Profit before working capital changes** | | **1,591** | **17,623** |
| **Adjustments for :** | | | |
| Decrease in trade receivables | | **501** | 7 |
| Increase in other financial / non-financial assets | | **1,059** | (957) |
| Decrease / (Increase) in loans | | **53,126** | 30,455 |
| Increase / (Decrease) in trade payables | | **634** | 270 |
| Increase in other financial / non-financial liabilities and provisions | | **1,153** | 1,205 |
| **Cash generated from / (used in) operations** | | **58,064** | **48,603** |
| Taxes paid | | **(15,551)** | (3,224) |
| **NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES** | | **42,513** | **45,379** |
| **2. CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipments (including capital advances) | | **(552)** | (134) |
| Proceeds from derecognition of property, plant and equipments | | **37** | 7 |
| Distribution of interest income by private equity funds | | **0*** | 2 |
| Investment in subsidiary and associate companies | | **(1,66,501)** | (57,612) |

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023** *(contd...)*

(₹ in lakh)

| Particulars | Note No. | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|---|---|---|
| Proceeds from sale of investments in subsidiary and associate companies | | **1,02,833** | 2,986 |
| Investment in private equity funds | | **(5,654)** | (3,654) |
| Proceeds from divestments by private equity funds | | **15,278** | 3,938 |
| Investment in other entities | | **(9,720)** | (3) |
| Investment in mutual funds | | **(3,72,797)** | (99,495) |
| Proceeds from redemption of mutual funds | | **3,22,650** | 52,148 |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(1,14,426)** | **(1,01,817)** |
| **3. CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Issue of equity shares | | **4,395** | - |
| Premium on issue of equity shares | | **54,984** | - |
| Dividend paid on Equity Shares | | **(5,626)** | - |
| Redemption of Cumulative Redeemable Preference Shares | | **(4,020)** | (4,988) |
| Dividend paid on Cumulative Redeemable Preference Shares (including dividend distribution tax) | | **(8,069)** | (8,244) |
| Expenses on issue of Non Convertible Debentures | | **(39)** | (33) |
| Proceeds from Debt securities | | **2,58,748** | 2,82,375 |
| Repayment of Debt securities | | **(2,27,500)** | (2,15,124) |
| Premium on issue of Debt securities | | **-** | 159 |
| Proceeds from Security Deposit | | **(481)** | 9 |
| Repayment of lease liability | | **(461)** | (32) |
| **NET CASH GENERATED FROM FINANCING ACTIVITIES** | | **71,930** | **54,122** |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **17** | **(2,316)** |
| CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR | | **195** | **2,511** |
| CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR | 3 & 4 | **212** | **195** |
| **Reconciliation of cash and cash equivalents as above with cash and bank balances** | | | |
| Cash and bank balances as at the end of the year | | **212** | **195** |
| Add: Restricted Cash (Refer note 4) | | **2** | **13** |
| Cash and bank balances as at the end of the year | | **214** | **208** |

* Amounts less than Rs. 50,000

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023 *(contd...)*

| Changes in Liabilities arising from financing activities | | | |
|---|---|---|---|
| **Particulars** | **Debt securities** | **Borrowing (Other than debt securities)** | **Subordinated liabilities** |
| **Balance as at April 1, 2021** | **2,29,107** | **-** | **1,15,740** |
| Net change due to proceeds/ (repayment) | 67,409 | - | (4,988) |
| Others * | 1,530 | - | 231 |
| **Balance as at March 31, 2022** | **2,98,046** | **-** | **1,10,983** |
| Net change due to proceeds/ (repayment) | 31,248 | - | (4,020) |
| Others * | 3,057 | - | 49 |
| **Balance as at March 31, 2023** | **3,32,351** | **-** | **1,07,013** |

| | |
|---|---|
| Summary of significant accounting policies | 2 |
| See accompanying notes forming part of the Standalone Financial Statements | 3-54 |

* Others includes the effect of interest accrued but not due, amortisation of borrowing cost, amortisation of premium/ discount on CPs/NCDs.

In terms of our report of even date

**For KKC & Associates LLP**
*Chartered Accountants*
(formerly Khimji Kunverji & Co LLP)
Firm's Registration No: 105146W/W100621

**Hasmukh B. Dedhia**
*(Partner)*
Membership No: 033494

Mumbai
April 27, 2023

For and on behalf of the Board of Directors

**Saurabh Agrawal**
*(Chairman)*
DIN: 02144558

**F. N. Subedar**
*(Director)*
DIN: 00028428

**Varsha Purandare**
*(Director)*
DIN : 05288076

**Malvika Sinha**
*(Director)*
DIN: 08373142

**V.S. Radhakrishnan**
*(Independent Director)*
DIN: 08064705

**Mathew Cyriac**
*(Independent Director)*
DIN: 01903606

**Aarthi Subramanian**
*(Director)*
DIN: 07121802

**Rajiv Sabharwal**
*(Managing Director & CEO)*
DIN: 00057333

**Sarita Kamath**
*(Head - Legal and Compliance & Company Secretary)*

**Rakesh Bhatia**
*(Chief Financial Officer)*

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### 1. Corporate Information

Tata Capital Limited (the "Company" or "TCL") is a subsidiary of Tata Sons Private Limited. In May 2012, TCL was registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Deposit Accepting Core Investment Company ("CIC").

As a CIC, TCL is a primary holding company, holding investments in its subsidiaries and other group companies and carries out only such activities as are permitted under the guidelines issued by RBI for CICs. The Company's subsidiaries are engaged in a wide array of businesses in the financial services sector.

The Company is domiciled in India and incorporated under the Companies Act, 2013 and listed its non-convertible debentures with National Stock Exchange Limited.

### 2. Basis of preparation

#### i. Statement of compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act, guidelines issued by the Reserve Bank of India as applicable to a CICs 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 standalone financial statements were authorised for issue by the Board of Directors (BOD) on April 27, 2023.

#### ii. Presentation of standalone 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 standalone financial statements are presented in Indian ₹ in lakh, which is also the Company's functional currency and all amounts have been rounded off to the nearest lakhs unless otherwise indicated.

#### iii. Basis of measurement

The standalone 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 standalone financial statements is determined considering the following measurement methods:

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

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

The levels are described as follows:

a) Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date

b) Level 2: inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

c) Level 3: inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at the measurement date.

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

For details relating to Valuation model and framework used for fair value measurement and disclosure of financial instruments refer note 38.

**v. Use of estimates and judgements**

The preparation of standalone 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 standalone 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 standalone 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 standalone financial statements in the period in which changes are made and, if material, their effect are disclosed in the notes to the standalone financial statements.

**Judgements:**

Information about judgements made in applying accounting policies that have most significant effect on the amount recognised in the standalone financial statements is included in the following notes:

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

**Assumptions and estimation of uncertainties:**

Information about assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2023 are included in the following notes:

- Note x - impairment test of non-financial assets: key assumption underlying recoverable amounts.
- Note xii - useful life of property, plant, equipment and intangibles.
- Note xix - 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 34 - measurement of defined benefit obligations: key actuarial assumptions.
- Note 38 - determination of the fair value of financial instruments with significant unobservable inputs.

**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 and for other basic lending risks and costs, as well as a profit margin.

Interest income and expense are recognised using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

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

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets {i.e. at the amortised cost of the financial asset after adjusting for any expected credit loss allowance (ECLs)}. The Company assesses the collectability of the interest on credit impaired assets at each reporting date. Based on the outcome of such assessment, the interest income accrued on credit impaired financial assets are either accounted for as income or written off as per the write off policy of the Company.

The interest cost is calculated by applying the EIR to the amortised cost of the financial liability.

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

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

Revenue in the form of income from financial advisory, income from private equity assets under management, distribution from private equity funds, income from managerial and marketing services (other than for those items to which Ind AS 109 - Financial Instruments and Ind AS 17 - Leases are applicable) is measured at the amount of transaction price allocated to that performance obligation, in accordance with Ind AS 115 - Revenue from contracts with customers.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

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

Advisory Fees are charged to offshore investment manager for providing non-exclusive non-binding support services for transactions by private equity funds. Income from advisory services are accounted using cost plus mark-up as and when the service is rendered, provided there is reasonable certainty of its ultimate realisation.

Management Fees are charged for providing managerial and marketing services and are accounted using cost plus mark-up as and when the underlying costs are incurred. Reimbursement of expenses incurred for rendering services are reduced from such expense heads, provided there is reasonable certainty of its ultimate realisation.

Income from property management is recognised on a straight-line basis to the extent the rental income is deemed collectible.

Private Equity Asset Management fees are charged for assets under management and are recognised as contracted under investment management agreement with each Private Equity Fund.

Distributions from Private Equity Funds are accounted when received.

**viii. Dividend income**

Income from dividend on investment in equity and preference shares of corporate bodies and units of mutual funds is accounted when the Company’s right to receive dividend is established. 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**

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 the risks and rewards of ownership are effectively retained by the lessee are classified as finance lease.

**Asset given on 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.

Under operating leases (excluding amount for services such as insurance and maintenance), lease rentals 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 assets taken on lease primarily consist of leases for properties.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for certain type of its leases.

The Company presents right-of-use assets 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 over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.

When a right-of-use asset meets the definition of investment property, it is presented in investment property.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

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

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is

reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised. The discounted rate is generally based on incremental borrowing rate specific to the lease being evaluated.

**x. Financial Instruments**

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

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

3) fair value through profit and loss (FVTPL).

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

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) 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 FVTOCI - equity investment). This election is made on investment - by - investment basis.

All financials assets not classified and measured at amortized cost or FVTOCI 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 FVTOCI or at FVTPL, if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

Investment in associates are recognised at cost.

**Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

**Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. That principal amount may change over the life of the financial assets (e.g. if there are payments of principal). Amount of 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Subsequent measurement and gains and losses**

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss. The transaction costs and fees are also recorded related to these instruments in the statement of profit and loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit or loss. |
| Financial assets (other than Equity Investments) at FVTOCI | 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 FVTOCI | 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 Assets:**

**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 FVTOCI), 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 39.

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 characteristics, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial

recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

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

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECLs. This also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Further if the customer has requested forbearance in repayment terms, such restructured, rescheduled or renegotiated accounts are also classified as Stage 3. Non-payment on another obligation of the same customer is also considered as a Stage 3. The Company records an allowance for the LTECLs.

**Undrawn loan commitments**

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

**Financial guarantee contract:**

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

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

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

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

**The Measurement of ECLs**

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

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

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

Exposure at Default (EAD): The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date,

including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

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

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

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

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

The mechanics of the ECL method are summarised below:

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

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 the 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 .

**Impairment of Trade receivables**

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 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.

**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 |
| Financial assetsmeasured at FVTOCI | Shown separately under the head “provisions” |
| Loan commitments and financial guarantee contracts | Shown separately under the head “provisions” |

**Modification and De-recognition of financial assets**

**Modification of financial assets**

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as Stage 3 immediately upon such modification in the terms of the contract.

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

**De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

1) the rights to receive cash flows from the asset have expired, or

2) the Company has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of ownership of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVTOCI 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.

b) **Financial liability and Equity**

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 its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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

**Financial liabilities**

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

**Classification**

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

**De-recognition of financial liabilities**

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

**Equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all 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.

xi. **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 which 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. The

acquisition cost includes any cost attributable for bringing an asset to its working condition net of tax/duty credits availed, which comprises of purchase consideration and other directly attributable costs of bringing the assets to their working condition for their intended use. PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

**b) Capital work-in-progress**

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

**c) Other Intangible assets**

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

**d) Intangible assets under development**

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

**e) Depreciation and Amortisation**

Depreciable amount for tangible property, plant and equipment is the cost of an asset, or other amount substituted for cost, less its estimated residual value. 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 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 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 ₹ 5,000 are depreciated fully in the year in which they are purchased.

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

Estimated useful life considered by the Company are :

| Asset | Estimated Useful Life |
|---|---|
| Furniture and Fixtures | 10 years |
| Computer Equipment | 3 to 4 years |
| Office Equipment | 5 years |
| Vehicles | 4 years |
| Software Licenses | 1 to 10 years |
| Buildings | 25 years |
| Plant & Machinery | 10 years |

**f) Investment property**

Properties held to earn rentals and/or capital appreciation are classified as Investment properties and are reported at cost, including transaction costs. Subsequent to initial recognition its measured at cost less accumulated depreciation and accumulated impairment losses, if any. When the use of an existing property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

**g) Impairment of assets**

Upon an observed trigger or at the end of each accounting reporting period, the Company reviews the carrying amounts of its PPE, investment property and intangible asset to determine whether there is any indication that the asset have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss.

**i) Right of Use Asset**

Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for certain type of leases.

The Company presents right-of-use assets and lease liabilities separately on the face of the Balance sheet.. The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and accumulated impairment loss, if any, and adjusted for certain re-measurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost and subsequently measured at fair value, in accordance with the Company's accounting policies.

**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.

**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 the 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, 2023.

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 the statement of profit and loss in the period in which they arise.

**Share based payment transaction**

The stock options 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 has been determined based on the primary economic environment in which the Company operates 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 operating segments consist of "Investment Activity", "Private Equity Investment Activity" and "Others". These in the context of Ind AS 108 – Operating Segments reporting are considered to constitute reportable segment. The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors. Operating segment disclosures are consistent with the information reviewed by the CODM.

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available. Accordingly, the operating results of all operating segments 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 "Investment Activity" segment includes corporate investments and treasury activities.

"Private Equity Investment Activity" includes management of Private Equity investments and related support services activities.

"Others" segment primarily includes property management services and managerial and marketing services.

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

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

**xvii. Investments in Subsidiaries and Associates**

The Company has elected to measure equity investments in Subsidiaries and Associate at cost as per Ind AS 27 - Separate financial statements, accordingly measurement at fair value through statement of profit and loss account and related disclosure under Ind AS 109 does not apply.

**xviii. Earnings per share**

Basic earnings per share has been computed by dividing net income attributable to ordinary equity holders by the weighted average number of shares outstanding during the year. Partly paid up equity share is included as fully paid equivalent according to the fraction paid up.

Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

**xix. Taxation**

**Income Tax**

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss, other comprehensive income or directly in equity when they relate to items that are recognized in the respective line items.

**Current Tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax law) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**Deferred Tax**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

The carrying amount of deferred tax assets are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**xx. Goods and Services Input Tax Credit**

Goods and Services Input tax credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

**xxi. Provisions, contingent liabilities and contingent assets**

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

**Contingent assets/liabilities**

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are not recognised in the standalone 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 subsidiaries / associate;

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.

**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.

Cumulative Redeemable Preference Shares (CRPS) is classified as a financial liability and dividend accrued on such instrument is recorded as finance cost.

**xxv. Recent Amendments**

i. The Ministry of Corporate Affairs (MCA) on 31st March 2023 through Companies (Indian Accounting Standards) Amendment Rules, 2023 has notified the following amendments to IND AS which are applicable for the annual periods beginning on or after 1st April, 2023.

a) IND AS 1 - Presentation of Financial Statements - This amendment requires the Company to disclose its material accounting policies rather than their significant accounting policies.

The Company will carry out a detailed review of accounting policies to determine material accounting policy information to be disclosed going forward.

The Company does not expect this amendment to have any material impact in its financial statements.

b) IND AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has changed the definition of a “change in accounting estimates” to a definition of “accounting estimates”. The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

The Company does not expect this amendment to have any material impact in its financial statements.

c) IND AS 12 - Income Taxes - This amendment has done away with the recognition exemption on initial recognition of assets and liabilities that give rise to equal and offsetting temporary differences.

The Company does not expect this amendment to have any material impact in its financial statements.

ii. Report on Other Legal and Regulatory Requirements

Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "3"**

(₹ in lakh)

| CASH AND CASH EQUIVALENTS | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Balances with banks (in the nature of cash and cash equivalents) | **212** | 195 |
| **Total** | **212** | **195** |

**NOTE "4"**

(₹ in lakh)

| OTHER BALANCES WITH BANKS | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Earmarked balances with banks (unpaid dividend) | **2** | 13 |
| **Total** | **2** | **13** |

**NOTE "5(i)"**

(₹ in lakh)

| TRADE RECEIVABLES | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Dues from related parties | | |
| (i) Receivables considered good - Unsecured | **666** | 1,113 |
| (ii) Receivables - credit impaired | **192** | 192 |
| | **858** | **1,305** |
| Less: Impairment loss allowance | | |
| (i) Impairment loss allowance | **(3)** | (4) |
| (ii) Credit impaired | **(192)** | (192) |
| | **663** | **1,109** |
| (b) Dues from others | | |
| (i) Receivables considered good - Unsecured | **126** | 157 |
| (ii) Receivables - credit impaired | **-** | - |
| | **126** | **157** |
| Less: Impairment loss allowance | | |
| (i) Impairment loss allowance | **(1)** | (1) |
| (ii) Credit impaired | **-** | - |
| | **125** | **156** |
| **Total** | **788** | **1,265** |

All Trade receivables are non-interest bearing and are generally on terms of 6 months to 1 year

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### Trade Receivables ageing schedule

(₹ in lakh)

| Particulars | As at March 31, 2023 | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Not due | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade Receivables - considered good | - | - | 789 | - | - | - | 3 | **792** |
| Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| Undisputed Trade Receivables - credit impaired | - | - | - | - | - | - | 192 | **192** |
| Disputed Trade Receivables - considered good | - | - | - | - | - | - | - | - |
| Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - | - |

### Trade Receivables ageing schedule

(₹ in lakh)

| Particulars | As at March 31, 2022 | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Not due | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade Receivables - considered good | - | - | 1,267 | - | - | - | 3 | **1,270** |
| Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| Undisputed Trade Receivables - credit impaired | - | - | - | - | - | 82 | 110 | **192** |
| Disputed Trade Receivables - considered good | - | - | - | - | - | - | - | - |
| Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - | - |

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

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "5 (ii)"**

(₹ in lakh)

| OTHER RECEIVABLES | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Dues from related parties | | |
| (i) Receivables considered good - Unsecured | **2** | 5 |
| (ii) Receivables - credit impaired | **-** | - |
| | **2** | **5** |
| Less: Impairment loss allowance | | |
| (i) Impairment loss allowance | **(0)*** | (0)* |
| (ii) Credit impaired | **-** | - |
| | **2** | **5** |
| (b) Dues from others | | |
| (i) Receivables considered good - Unsecured | **-** | 19 |
| (ii) Receivables - credit impaired | **10** | 10 |
| | **10** | **29** |
| Less: Impairment loss allowance | | |
| (i) Impairment loss allowance | **-** | (0)* |
| (ii) Credit impaired | **(10)** | (10) |
| | **-** | **19** |
| **Total** | **2** | **24** |

* Amount less than ₹ 50,000

**NOTE "6"**

(₹ in lakh)

| LOANS | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **LOANS AT AMORTIZED COST** | | |
| **(A)** | | |
| (a) Bills purchased and bills discounted | - | - |
| (b) Loans repayable on demand (Refer footnote 1) | **44,376** | **77,988** |
| (c) Term loans | - | 20,013 |
| (d) Leasing and hire purchase | - | - |
| (e) Factoring | - | **-** |
| **Total (A) - Gross** | **44,376** | 98,001 |
| Less : Impairment loss allowance | **(178)** | (392) |
| Less : Revenue received in advance | **-** | (99) |
| **Total (A) - Net** | **44,198** | **97,510** |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "6" (continued)**

(₹ in lakh)

| LOANS | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(B)** | | |
| (a) Secured by tangible assets | - | 20,013 |
| (b) Secured by intangible assets | - | - |
| (c) Covered by Bank / Government Guarantees | - | - |
| (d) Unsecured | **44,376** | 77,988 |
| **Total (B) - Gross** | **44,376** | 98,001 |
| Less : Impairment loss allowance | **(178)** | (392) |
| Less : Revenue received in advance | - | (99) |
| **Total (B) - Net** | **44,198** | 97,510 |
| **(C)** | | |
| (I) Loans in India | | |
| (a) Public Sector | - | - |
| (b) Others | **44,376** | 98,001 |
| (II) Loans outside India | - | - |
| **Total (C) - Gross** | **44,376** | 98,001 |
| Less : Impairment loss allowance | **(178)** | (392) |
| Less : Revenue received in advance | - | (99) |
| **Total (C) - Net** | **44,198** | 97,510 |
| **Total** | **44,198** | **97,510** |

Footnote 1: All Unsecured loans repayable on demand are given to subsidiary companies.

**Following Loans have been granted that are repayable on demand:**

**As at March 31, 2023**

| Type of Borrower | Amount of loan or advance in the nature of loan outstanding | Percentage to the total Loans and Advances in the nature of loans |
|---|---|---|
| Promoters | - | - |
| Directors | | |
| KMPs | - | - |
| Related parties | **44,376** | **100%** |

**As at March 31, 2022**

| Type of Borrower | Amount of loan or advance in the nature of loan outstanding | Percentage to the total Loans and Advances in the nature of loans |
|---|---|---|
| Promoters | - | - |
| Directors | - | - |
| KMPs | - | - |
| Related parties | 77,988 | 80% |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

## NOTE "7"

### Scrip-wise details of investments

| INVESTMENTS | Face value Per Unit ₹ | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| **INVESTMENTS AT COST** | | | | | |
| **Investment in Subsidiaries** | | | | | |
| **Unquoted:** | | | | | |
| **Investment in Equity Shares** | | | **10,61,513** | | **8,95,013** |
| Tata Capital Financial Services Limited | 10 | 1,71,88,46,452 | 6,83,755 | 1,65,98,72,100 | 5,68,755 |
| Tata Capital Housing Finance Limited | 10 | 57,07,46,700 | 2,90,600 | 54,75,55,612 | 2,40,600 |
| Tata Securities Limited | 10 | 1,38,25,193 | 2,289 | 61,83,837 | 789 |
| Tata Capital Pte Limited | SGD 1 | 3,22,82,000 | 10,807 | 3,22,82,000 | 10,807 |
| Tata Cleantech Capital Limited | 10 | 36,97,24,934 | 74,062 | 36,97,24,940 | 74,062 |
| **Investment in Venture Capital Units** | | | **35,080** | | **32,359** |
| Tata Capital Growth Fund- Class A Units | 1 | 2,50,00,00,000 | 4,690 | 2,50,00,00,000 | 5,433 |
| Tata Capital Special Situations Fund- Class A Units | 100,000 | 4,097 | 2,175 | 4,181 | 2,260 |
| Tata Capital Special Situations Fund - Class B Units | 100 | 50 | 0* | 50 | 0* |
| Tata Capital Healthcare Fund I- Class A Units | 1 | 1,00,00,00,000 | 2,377 | 1,00,00,00,000 | 2,377 |
| Tata Capital Innovations Fund- Class A Units | 1,000 | 7,50,000 | 4,572 | 7,50,000 | 5,058 |
| Tata Capital Innovations Fund - Class B Units | 1 | 10,000 | 0* | 10,000 | 0* |
| Tata Capital Growth Fund II - Class A1 Units | 1 | 3,60,67,70,000 | 16,561 | 3,60,67,70,000 | 14,619 |
| Tata Capital Growth Fund II - Class B1 Units | 1 | 1,25,00,000 | 51 | 1,25,00,000 | 51 |
| Tata Capital Growth Fund II - Class B2 Units | 1 | 1,00,00,000 | 41 | 1,00,00,000 | 41 |
| Tata Capital Healthcare Fund II | 1,000 | 14,00,000 | 4,613 | 14,00,000 | 2,520 |
| **Investment in Associates** | | | | | |
| **Unquoted :** | | | | | |
| **Investment in Equity shares** | | | **10,720** | | **29,248** |
| Tata Autocomp Systems Limited (ceased to be associate w.e.f. 23.03.2023) | 10 | - | - | 4,83,07,333 | 18,528 |
| Tata Play Limited (formerly Tata Sky Limited) | 10 | 1,00,72,871 | 5,242 | 1,00,72,871 | 5,242 |
| Tata Projects Limited | 5 \| 10 | 36,71,821 | 5,478 | 36,71,821 | 5,478 |
| **Total Cost of Investments (A)** | | | **11,07,313** | | **9,56,620** |
| **Provision for diminution in value of investments (B)** | | | **(7,776)** | | **(7,069)** |
| **Carrying value of Investments in Subsidiaries and Associates measured at cost (C) = (A + B)** | | | **10,99,537** | | **9,49,551** |
| **INVESTMENTS AT FAIR VALUE THROUGH PROFIT & LOSS** | | | | | |
| **Investment in Others** | | | | | |
| **Quoted:** | | | | | |
| **Investment in Equity shares** | | | **239** | | **266** |
| Tata Steel Limited (Fully paid) | 10 | 1,67,400 | 175 | 16,740 | 219 |
| The Indian Hotels Company Limited | 1 | 19,600 | 64 | 19,600 | 47 |
| **Unquoted:** | | | | | |
| **Investment in Equity shares** | | | **10,327** | | **-** |
| Supermarket Grocery Supplies Private Limited | 1 | 6,33,235 | 10,327 | - | - |
| **Investments in Mutual Funds** | | | **1,00,550** | | **47,815** |
| Tata Liquid Fund Regular Plan - Growth | 1,000 | 9,342 | 329 | 9,342 | 311 |
| ABSL Money Manager Fund Gr-Direct | 1,000 | 1,10,88,858 | 35,062 | 33,45,316 | 9,999 |
| Tata Money Market Fund Direct Plan - Growth | 1,000 | 6,19,134 | 25,063 | 4,70,680 | 18,005 |
| Nippon India Money Market Fund - Direct Growth | 1,000 | 5,65,161 | 20,049 | 2,83,520 | 9,500 |
| Kotak Money Market Fund - Direct Plan - Growth | 1,000 | 5,23,636 | 20,047 | 2,76,175 | 10,000 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| INVESTMENTS | Face value Per Unit ₹ | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | No. of Units | ₹ in lakh | No. of Units | ₹ in lakh |
| **Investments in Category III Alternative Investment Fund ("AIF")** | | | **2,977** | | **2,806** |
| Tata Absolute Return Fund | 1,000 | 1,00,000 | 1,290 | 1,00,000 | 1,178 |
| Tata Equity Plus Absolute Return Fund | 1,000 | 1,00,000 | 1,687 | 1,00,000 | 1,628 |
| **Total Investments at Fair Value through Profit & Loss (D)** | | | **1,14,094** | | **50,886** |
| **INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME** | | | | | |
| **Investment in Subsidiaries** | | | | | |
| **Unquoted:** | | | | | |
| **Investment in Non-Convertible Debentures** | | | **-** | | **13,560** |
| 8.90% Perpetual Debentures of Tata Capital Financial Services Limited | 10,00,000 | - | - | 1,250 | 13,560 |
| **Investment in Equity shares** | | | **2,46,219** | | |
| Tata Autocomp Systems Limited | 10 | 3,53,76,299 | 2,46,219 | - | - |
| **Total Investments at Fair Value through Other Comprehensive Income (E)** | | | **2,46,219** | | **13,560** |
| **Total Investments (C + D + E)** | | | **14,59,849** | | **10,13,997** |
| **Particulars** | | | **₹ In lakh** | | **₹ In lakh** |
| (i) Investments in India | | | 14,49,042 | | 10,03,190 |
| (ii) Investments outside in India (Refer Footnote 1) | | | 10,807 | | 10,807 |
| **Total Investments** | | | **14,59,849** | | **10,13,997** |

* Amount less than ₹ 50,000

Footnote 1 : Investment outside India is in Equity shares of wholly owned subsidiary of Tata Capital Limited

**NOTE "8"**

(₹ in lakh)

| OTHER FINANCIAL ASSETS | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Security deposit | 554 | 59 |
| (b) Accrued Income - others | 21 | 715 |
| **Total** | **575** | **774** |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "9"**

**The major components of deferred tax assets and liabilities as at March 31, 2023 are as follows:**

(₹ in lakh)

| DEFERRED TAX (LIABILITY) / ASSET (NET) | Opening Balance | Recognised / reversed through profit and loss | Recognised / reclassified from other comprehensive income | Closing Balance |
|---|---|---|---|---|
| **Deferred Tax Assets :-** | | | | |
| (a) Impairment loss allowance - stage I & II | 114 | (68) | - | 46 |
| (b) Employee benefits | 59 | (1) | - | 58 |
| (c) Timing difference on debenture issue expenses | (28) | 14 | - | (14) |
| (d) Provisions for non-performing assets | 99 | - | - | 99 |
| (e) Fair value of investments | (460) | (231) | (48,716) | (49,407) |
| (f) Depreciation on property, plant and equipment | 135 | 4 | - | 139 |
| (g) Others | 1 | 5 | - | 6 |
| **Deferred Tax Asset (Net)** | **(80)** | **(278)** | **(48,716)** | **(49,074)** |

**The major components of deferred tax assets and liabilities as at March 31, 2022 are as follows:**

(₹ in lakh)

| Particulars | Opening Balance | Recognised /reversed through profit and loss | Recognised / reclassified from other comprehensive income | Closing Balance |
|---|---|---|---|---|
| **Deferred Tax Assets :-** | | | | |
| (a) Impairment loss allowance - stage I & II | 145 | (31) | - | 114 |
| (b) Employee benefits | 61 | (2) | - | 59 |
| (c) Timing difference on debenture issue expenses | (7) | (21) | - | (28) |
| (d) Provisions for non-performing assets | 99 | - | - | 99 |
| (e) Fair value of investments | (391) | (106) | 38 | (460) |
| (f) Depreciation on property, plant and equipment | 134 | 1 | - | 135 |
| (g) Others | 1 | 0* | - | 1 |
| **Deferred Tax Asset (Net)** | **42** | **(159)** | **38** | **(80)** |

* Amount less than ₹ 50,000

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**Net deferred tax assets and liabilities are as follows:**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred Tax Assets :-** | | |
| (a) Impairment loss allowance - stage I & II | **46** | 114 |
| (b) Employee benefits | **58** | 59 |
| (c) Timing difference on debenture issue expenses | **(14)** | (28) |
| (d) Provisions for non-performing assets | **99** | 99 |
| (e) Fair value of investments | **(49,407)** | (460) |
| (f) Depreciation on property, plant and equipment | **139** | 135 |
| (g) Others | **6** | 1 |
| **Deferred Tax (Liability) / Asset (Net)** | **(49,074)** | **(80)** |

## NOTE "10"

(₹ in lakh)

| PROPERTY, PLANT AND EQUIPMENT | Gross Block | | | | Accumulated depreciation and amortisation | | | | Net Carrying Value |
|---|---|---|---|---|---|---|---|---|---|
| | Opening balance as at April 1, 2022 | Additions/ Adjustments | Deletions/ Adjustments | Closing balance as at March 31, 2023 | Opening balance as at April 1, 2022 | Depreciation/ Amortisation for the year | Deletions/ Adjust ments | Closing balance as at March 31, 2023 | As at March 31, 2023 |
| **TANGIBLE ASSETS** | | | | | | | | | |
| **Buildings** | **4,323** | **-** | **-** | **4,323** | **1,055** | **211** | **-** | **1,266** | **3,057** |
| | *4,323* | *-* | *-* | *4,323* | *844* | *211* | *-* | *1,055* | *3,268* |
| **Plant and Equipment** | **90** | **-** | **(89)** | **1** | **79** | **11** | **(89)** | **1** | **0*** |
| | *90* | *-* | *-* | *90* | *63* | *16* | *-* | *79* | *11* |
| **Furniture and Fixtures** | **469** | **-** | **(365)** | **104** | **395** | **57** | **(365)** | **87** | **17** |
| | *470* | *-* | *(1)* | *469* | *317* | *79* | *(1)* | *395* | *74* |
| **Vehicles** | **218** | **142** | **(77)** | **283** | **81** | **58** | **(71)** | **68** | **215** |
| | *225* | *121* | *(128)* | *218* | *152* | *50* | *(121)* | *81* | *137* |
| **Office Equipment** | **35** | **18** | **(24)** | **30** | **34** | **2** | **(20)** | **14** | **16** |
| | *34* | *1* | *-* | *35* | *33* | *1* | *-* | *34* | *1* |
| **Computer Equipment** | **59** | **59** | **(7)** | **111** | **46** | **16** | **(7)** | **55** | **56** |
| | *49* | *10* | *-* | *59* | *36* | *10* | *-* | *46* | *13* |
| **TANGIBLE ASSETS - TOTAL** | **5,194** | **219** | **(562)** | **4,852** | **1,690** | **355** | **(553)** | **1,491** | **3,361** |
| | *5,191* | *132* | *(129)* | *5,194* | *1,446* | *367* | *(122)* | *1,690* | *3,504* |
| **INVESTMENT PROPERTY** | | | | | | | | | |
| **Buildings given on operating lease** | **6,495** | **-** | **-** | **6,495** | **1,560** | **312** | **-** | **1,873** | **4,622** |
| | *6,495* | *-* | *-* | *6,495* | *1,248* | *312* | *-* | *1,560* | *4,935* |
| **INTANGIBLE ASSETS (other than internally generated)** | | | | | | | | | |
| **Software** | **98** | **1** | **-** | **99** | **96** | **2** | **-** | **98** | **1** |
| | *98* | *0 ***** | *-* | *98* | *94* | *2* | *-* | *96* | *2* |
| **INTANGIBLE ASSETS - TOTAL** | **98** | **1** | **-** | **99** | **96** | **2** | **-** | **98** | **1** |
| | *98* | *0 ***** | *-* | *98* | *94* | *2* | *-* | *96* | *2* |
| **RIGHT OF USE ASSETS** | | | | | | | | | |
| **Right of Use Asset** | **40** | **1,303** | **(40)** | **1,303** | **3** | **458** | **(11)** | **450** | **853** |
| | *67* | *96* | *(123)* | *40* | *58* | *30* | *(85)* | *3* | *37* |
| **TOTAL** | **11,828** | **1,523** | **(602)** | **12,748** | **3,349** | **1,127** | **(564)** | **3,911** | **8,837** |
| | *11,851* | *228* | *(252)* | *11,827* | *2,846* | *711* | *(207)* | *3,349* | *8,478* |

*Figures in Italics relate to previous year*

* Amount less than ₹ 50,000

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

Footnotes:

1. Amount recognised in Statement of Profit and Loss for Investment Property:

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Rental income from Investment Property | **1,905** | 1,901 |
| Direct Operating expenses arising from Investment Property that generated rental income | **564** | 514 |
| Direct Operating expenses arising from Investment Property that did not generate rental income | - | - |

2. Fair value of investment property as on March 31, 2023 : ₹ 15,830 lakh (Carrying value ₹ 4,622 lakh). Pursuant to the Ind AS transition, the Company has carried out valuation of Investment property as at March 31, 2023. The fair value of the property is assessed based on the market rate for a similar property in the locality.

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

4. None of the class of fixed asssets are revalued during the year.

**NOTE "11"** (₹ in lakh)

| OTHER NON-FINANCIAL ASSETS | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Capital advances | **332** | 2 |
| (b) Advances other than capital advances | **153** | 84 |
| (c) Prepaid expenses | **352** | 340 |
| (d) Rental income accrued | **-** | 131 |
| (e) Balances with government authorities | **131** | 436 |
| (f) Gratuity asset (net) | **667** | 780 |
| **Total** | **1,635** | **1,773** |

**NOTE "12"** (₹ in lakh)

| TRADE PAYABLES | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Micro enterprises and small enterprises** | | |
| (a) Payable to dealers/vendors/customer | **1** | 9 |
| | **1** | 9 |
| **Other than micro enterprises and small enterprises** | | |
| (a) Accrued expenses | **2,810** | 2,242 |
| (b) Payable to subsidiary | **1** | 0* |
| (c) Payable to dealers/vendors/customer | **128** | 55 |
| | **2,939** | 2,297 |
| **Total** | **2,940** | **2,306** |

* Amount less than ₹ 50,000

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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 :

**NOTE "12(i)"**
**TOTAL OUTSTANDING DUES OF MICRO ENTERPRISES AND SMALL ENTERPRISES**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Micro enterprises and small enterprises | | |
| (a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting period; ** | 1 | 9 |
| (b) the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting period; | - | - |
| (c) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid); | - | - |
| (d) The amount of interest accrued and remaining unpaid at the end of the accounting period; and | - | - |
| (e) The amount of further interest due and payable even in the succeeding period, 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. | - | - |
| **Total** | **1** | **9** |

** Amount of Interest due is Nil as at March 31, 2023 and March 31, 2022

**Trade payables ageing schedule**

| Particulars | As at March 31, 2023 | | | | | | Total |
|---|---|---|---|---|---|---|---|
| | Unbilled Dues | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) MSME | - | - | 1 | - | - | - | 1 |
| (ii) Others | 2,817 | - | 122 | - | - | - | 2,939 |
| (iii) Disputed dues-MSME | - | - | - | - | - | - | - |
| (iv) Disputed dues-Others | - | - | - | - | - | - | - |
| **Total** | | | | | | | **2,940** |

| 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 | - | - | 9 | - | - | - | 9 |
| (ii) Others | 2,243 | - | 54 | - | - | - | 2,297 |
| (iii) Disputed dues-MSME | - | - | - | - | - | - | - |
| (iv) Disputed dues-Others | - | - | - | - | - | - | - |
| **Total** | | | | | | | **2,306** |

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

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "13"** (₹ in lakh)

| DEBT SECURITIES | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At Amortised cost** | | |
| UNSECURED | | |
| (i) Non-Convertible Debentures | | |
| (i) Privately placed | **2,09,155** | 2,93,289 |
| (ii) Public issue | **-** | - |
| (ii) Commercial Paper | **1,23,196** | 4,757 |
| [Net of unamortised discount of ₹ 1,772 lakh as at March 31, 2023] (242 lakh as at March, 2022) | | |
| **Total (A)** | **3,32,351** | **2,98,046** |
| Debt Securities in India | **3,32,351** | 2,98,046 |
| Debt Securities outside India | **-** | - |
| **Total (B)** | **3,32,351** | **2,98,046** |

Discount on above outstanding Commercial papers as at March 31, 2023 is 7.55% and maturity is less than 12 months from the end of financial year.

No borrowings in the form of Debt securities have been made from related parties.

**Terms of repayment, nature of security and rate of interest in case of Unsecured Privately Placed Non-Convertible Debentures :**

| Name of Security | Issue Date | Maturity date | No of NCDs | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| TCL Unsecured NCD B FY 2019-20 Option II Reissuance | February 20, 2020 | June 3, 2022 | 250 | **-** | 2,500 |
| TCL Unsecured NCD B FY 2019-20 Option II | December 3, 2019 | June 3, 2022 | 3,750 | **-** | 37,500 |
| TCL Unsecured NCD D FY 2019-20 | February 20, 2020 | December 21, 2022 | 3,000 | **-** | 30,000 |
| TCL Unsecured NCD C FY 2019-20 Option II | February 7, 2020 | March 13, 2023 | 1,250 | **-** | 12,500 |
| TCL Unsecured NCD C FY 2019-20 Option I | February 7, 2020 | June 28, 2023 | 1,250 | **12,500** | 12,500 |
| TCL Unsecured NCD A FY 2020-21 Option II | August 4, 2020 | August 4, 2023 | 3,000 | **30,000** | 30,000 |
| TCL Unsecured NCD B FY 2020-21 Option I | February 25, 2021 | December 28, 2023 | 3,000 | **30,000** | 30,000 |
| TCL Unsecured NCD A FY 2021-22 | January 18, 2022 | February 16, 2024 | 4,000 | **40,000** | 40,000 |
| TCL Unsecured NCD B FY 2020-21 Option II | February 25, 2021 | April 30, 2024 | 1,000 | **10,000** | 10,000 |
| TCL Unsecured NCD B FY 2020-21 Option II Reissuance | February 22, 2022 | April 30, 2024 | 3,000 | **30,000** | 30,000 |
| TCL Unsecured NCD B FY 2021-22 Option I | February 22, 2022 | March 28, 2025 | 3,000 | **30,000** | 30,000 |
| TCL Unsecured NCD A FY 2020-21 Option I | August 4, 2020 | August 4, 2025 | 2,050 | **20,500** | 20,500 |
| Less : Unamortised Borrowing Cost | | | | **(25)** | (88) |
| Add : Unamortised Premium | | | | **78** | 156 |
| Add : Interest Accrued but not due on borrowings | | | | **6,102** | 7,721 |
| **Total** | | | | **2,09,155** | **2,93,289** |

Coupon rate of above outstanding unsecured NCD's as at March 31, 2023 varies from 6.49% to 8.38% (as at March 31, 2022 : 6.49% to 9.22%)

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "14"** (₹ in lakh)

| SUBORDINATED LIABILITIES | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At Amortised cost** | | |
| UNSECURED | | |
| (a) Preference Shares other than those that qualify as equity | | |
| (i) Cumulative Redeemable Preference Shares [Face Value ₹ 1,06,972 lakh (As at March 31, 2022 ₹ 1,10,992 lakh)] | **1,07,013** | 1,10,983 |
| **Total (A)** | **1,07,013** | **1,10,983** |
| Subordinated Liabilities in India | **1,07,013** | 1,10,983 |
| Subordinated Liabilities outside India | **-** | - |
| **Total (B)** | **1,07,013** | **1,10,983** |

No default has been made in repayment of any Debt securities, Subordinated liabilities and interest thereon for the year ended March 31, 2023 and March 31, 2022.

**Particulars of Cumulative Redeemable Preference Shares :** (₹ in lakh)

| Particulars | Tranche | No of shares | Allotment Date | Redemption Date/ Actual Redemption Date | Redemption Date / Early Redemption Date | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|---|---|
| 7.50% Cumulative Redeemable Preference Shares of ₹ 1,000 each | T | 1,276,000 | March 10, 2017 | March 9, 2024 | March 9, 2024 | **12,760** | 12,760 |
| | U | 6,04,500 | July 7, 2017 | July 6, 2024 | July 6, 2024 | **6,045** | 6,045 |
| | V | 7,36,000 | July 12, 2017 | July 11, 2024 | July 11, 2024 | **7,360** | 7,360 |
| | W | 6,69,500 | July 26, 2017 | July 25, 2024 | July 25, 2024 | **6,695** | 6,695 |
| 7.33% Cumulative Redeemable Preference Shares of ₹ 1,000 each | X | 750,000 | July 28, 2017 | July 27, 2024 | July 27, 2024 | **7,500** | 7,500 |
| | Y | 6,59,500 | August 4, 2017 | August 3, 2024 | August 3, 2024 | **6,672** | 6,666 |
| 7.15% Cumulative Redeemable Preference Shares of ₹ 1,000 each | Z | 6,45,500 | September 15, 2017 | September 14, 2024 | September 14, 2024 | **6,455** | 6,455 |
| 7.10% Cumulative Redeemable Preference Shares of ₹ 1,000 each | AA | 5,83,700 | September 29, 2017 | September 28, 2024 | September 28, 2024 | **5,837** | 5,837 |
| | AB | 1,19,000 | April 20, 2018 | August 1, 2022 | August 1, 2022 | **-** | 1,189 |
| | AB | 2,81,000 | April 20, 2018 | April 19, 2025 | April 19, 2025 | **2,810** | 2,807 |
| | AC | 2,45,450 | May 10, 2018 | August 1, 2022 | August 1, 2022 | **-** | 2,452 |
| | AC | 1,54,550 | May 10, 2018 | May 9, 2025 | May 9, 2025 | **1,546** | 1,544 |
| | AD | 37,500 | June 15, 2018 | August 1, 2022 | August 1, 2022 | **-** | 375 |
| | AD | 2,97,000 | June 15, 2018 | June 14, 2025 | June 14, 2025 | **2,970** | 2,967 |
| 7.75% Cumulative Redeemable Preference Shares of ₹ 1,000 each | AE | 4,00,000 | March 13, 2019 | March 12, 2026 | June 30, 2023 | **3,994** | 3,985 |
| 7.50% Cumulative Redeemable Preference Shares of ₹ 1,000 each | AF | 4,00,000 | June 12, 2019 | June 11, 2026 | September 30, 2023 | **3,992** | 3,992 |
| | AG | 4,00,000 | June 28, 2019 | June 27, 2026 | October 31, 2023 | **3,990** | 3,991 |
| | AH | 3,90,000 | August 7, 2019 | August 6, 2026 | November 30, 2023 | **3,900** | 3,896 |
| | AI | 4,00,000 | August 28, 2019 | August 27, 2026 | November 30, 2023 | **4,001** | 3,998 |
| | AJ | 4,00,000 | August 30, 2019 | August 29, 2026 | December 31, 2023 | **4,000** | 3,998 |
| | AK | 4,00,000 | September 4, 2019 | September 3, 2026 | January 31, 2024 | **3,997** | 3,992 |
| | AL | 4,00,000 | September 9, 2019 | September 8, 2026 | February 29, 2024 | **3,996** | 3,992 |
| | AM | 4,50,000 | September 18, 2019 | September 17, 2026 | March 31, 2024 | **4,498** | 4,496 |
| | AN | 4,00,000 | September 24, 2019 | September 23, 2026 | March 31, 2024 | **3,995** | 3,991 |
| **Total** | | | | | | **1,07,013** | **1,10,983** |

**Notes:**

Early Date of Redemption refers to the date on or before which the CRPS shall be redeemed, as per the terms of offer, in the event of exercise of Call / Put Option by Option Exercise Date by the Company or CRPS holder(s), as the case may be, to seek early redemption.

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "15"** (₹ in lakh)

| OTHER FINANCIAL LIABILITIES | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Unpaid dividends | **2** | 13 |
| (b) Security deposit | **4,546** | 5,933 |
| (c) Accrued employee benefit expenses | **4,867** | 5,017 |
| **Total** | **9,415** | **10,963** |

As required under Section 125 of the Companies Act 2013, the Company has transferred ₹ Nil (Previous Year ₹ Nil) to the Investor Education and Protection Fund (IEPF) during the year.

**NOTE "16"** (₹ in lakh)

| PROVISIONS | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Provision for Retirement benefits and compensated absences | **378** | 382 |
| (b) Impairment provision against stage I and Stage II assets | **-** | 54 |
| **Total** | **378** | **436** |

**NOTE "17"** (₹ in lakh)

| OTHER NON-FINANCIAL LIABILITIES | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Revenue received in advance | **1,600** | 203 |
| (b) Statutory dues | **1,567** | 1,397 |
| (c) Rental income accrued | **11** | - |
| (d) Others | **13** | 3 |
| **Total** | **3,191** | **1,603** |

**NOTE "18"** (₹ in lakh)

| EQUITY SHARE CAPITAL | Face Value Per Unit ₹ | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | No. of shares | ₹ in lakh | No. of shares | ₹ in lakh |
| **AUTHORISED** | | | | | |
| a) Equity shares | 10 | **4,75,00,00,000** | **4,75,000** | 4,75,00,00,000 | 4,75,000 |
| b) Preference shares (Refer Footnote 1) | 1000 | **3,25,00,000** | **3,25,000** | 3,25,00,000 | 3,25,000 |
| | | | **8,00,000** | | 8,00,000 |
| **ISSUED, SUBSCRIBED AND PAID UP** | | | | | |
| a) Equity shares | 10 | **3,56,01,19,841** | **3,56,012** | 3,51,61,67,744 | 3,51,617 |
| **Total** | | | **3,56,012** | | 3,51,617 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

Footnote 1 : The details of Preference Shares Issued, Subscribed and Paid-up are as below :

| Particulars | Face value Per Unit ₹ | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | No. of shares | ₹ in lakh | No. of shares | ₹ in lakh |
| **ISSUED** | | | | | |
| Cumulative Redeemable Preference Shares | 1,000 | **1,06,97,250** | **1,06,973** | 1,10,99,200 | 1,10,992 |
| **SUBSCRIBED AND PAID UP** | | | | | |
| Cumulative Redeemable Preference Shares | 1,000 | **1,06,97,250** | **1,06,973** | 1,10,99,200 | 11,0,992 |

As per Ind AS, Cumulative Redeemable Preference Shares are classified as financial liabilities held at amortized cost and form part of "Subordinated Liabilities" (Refer note 14)

**NOTE "18 (a)"**

**Details of shareholdering of Promoters are given below:**

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | No. of shares | % holding | % change during the year | No. of shares | % holding | % change during the year |
| Tata Sons Private Limited | **3,36,86,83,388** | **94.6%** | **0.0%** | 3,32,45,83,520 | 94.6% | 0.0% |

**NOTE "18 (b)"**

**Details of shareholders holding more than 5 percent shares in the Company are given below:**

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | No. of shares | ₹ in lakh | % holding | No. of shares | ₹ in lakh | % holding |
| Tata Sons Private Limited | **3,36,86,83,388** | **3,36,868** | **94.6%** | 3,32,45,83,520 | 3,32,458 | 94.6% |

**NOTE "18 (c)"**

**Reconciliation of number of equity shares outstanding**

| Particulars | No of shares | ₹ in lakh |
|---|---|---|
| **Equity Shares** | | |
| **Opening balance as on April 01, 2021** | **3,51,61,67,744** | **3,51,617** |
| Issued during the year | - | - |
| **Closing Balance as on March 31, 2022** | **3,51,61,67,744** | **3,51,617** |
| Issued during the year | 4,39,52,097 | 4,395 |
| **Closing Balance as on March 31, 2023** | **3,56,01,19,841** | **3,56,012** |

**NOTE "18 (d)"**

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

**NOTE "18" (e)**

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

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "18 (f)"**

The Company has one class of equity shares having a par value of ₹ 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 at the ensuing Annual General Meeting. 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.

The Company has issued Cumulative Redeemable Preference Shares ("CRPS") having a par value of ₹ 1000 per share. The claims of CRPS holders shall be subordinated to the claims of all secured and unsecured creditors but senior to the claims of the equity shareholders and shall rank pari-passu amongst all preference shareholders of the Company.

In pursuance of Section 43 of the Act, the CRPS shall carry a preferential right with respect to (a) payment of dividend calculated at a fixed rate, which may either be free of or subject to income tax; and (b) repayment, in the case of a winding up or repayment of capital, of the amount of the share capital paid-up or deemed to have been paid-up, whether or not, there is a preferential right to the payment of any fixed premium.

Company has a Call option to redeem its CRPS by early redemption date. CRPS holder has a Put option to seek redemption of CRPS by early redemption date.

**NOTE "18 (g)"**

**Investment by Tata Sons Private Limited (the Holding Company) and its Subsidiaries/Associates/JVs**

| Name of company | Particulars of issue | No. of equity shares | ₹ in lakh |
|---|---|---|---|
| **Tata Sons Private Limited (Holding Company)** | **Opening Balance as on April 01, 2021** | 3,32,45,83,520 | 3,32,458 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2022** | 3,32,45,83,520 | 3,32,458 |
| | Add: Issued/ Purchased | 4,40,99,868 | 4,410 |
| | **Closing Balance as on March 31, 2023** | 3,36,86,83,388 | 3,36,868 |
| **Tata Investment Corporation Limited (Subsidiary of Tata Sons Private Limited)** | **Opening Balance as on April 01, 2021** | 7,71,96,591 | 7,720 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2022** | 7,71,96,591 | 7,720 |
| | Add: Issued | 9,64,957 | 96 |
| | **Closing Balance as on March 31, 2023** | 7,81,61,548 | 7,816 |
| **Tata Industries Limited (Joint Venture of Tata Sons Private Limited)** | **Opening Balance as on April 01, 2021** | 22,72,346 | 227 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2022** | 22,72,346 | 227 |
| | less: Sold | 22,72,346 | 227 |
| | **Closing Balance as on March 31, 2023** | - | - |
| **Tata International Limited (Subsidiary of Tata Sons Private Limited)** | **Opening Balance as on April 01, 2021** | 7,90,592 | 79 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2022** | 7,90,592 | 79 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2023** | 7,90,592 | 79 |
| **Tata Motors Limited (Associate of Tata Sons Private Limited)** | **Opening Balance as on April 01, 2021** | 43,26,651 | 433 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2022** | 43,26,651 | 433 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2023** | 43,26,651 | 433 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Name of company | Particulars of issue | No. of equity shares | ₹ in lakh |
|---|---|---|---|
| Tata Chemicals Limited (Associate of Tata Sons Private Limited) | **Opening Balance as on April 01, 2021** | 32,30,859 | 323 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2022** | 32,30,859 | 323 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2023** | 32,30,859 | 323 |
| Tata Consumer Products Limited (formerly Tata Global Beverages Limited) (Associate of Tata Sons Private Limited) | **Opening Balance as on April 01, 2021** | 6,13,598 | 61 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2022** | 6,13,598 | 61 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2023** | 6,13,598 | 61 |
| The Tata Power Limited (Associate of Tata Sons Private Limited) | **Opening Balance as on April 01, 2021** | - | - |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2022** | - | - |
| | Add: Acquired | 2,33,30,700 | - |
| | **Closing Balance as on March 31, 2023** | 2,33,30,700 | - |
| Total | **Opening Balance as on April 01, 2021** | 3,41,30,14,157 | 3,41,301 |
| | Add: Issued | - | - |
| | **Closing Balance as on March 31, 2022** | 3,41,30,14,157 | 3,41,301 |
| | Add: Issued/ Purchased | 6,83,95,525 | 4,506 |
| | **Closing Balance as on March 31, 2023** | 3,48,14,09,682 | 3,45,808 |

**NOTE "19"**

(₹ in lakh)

| OTHER EQUITY | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Capital Redemption Reserve | **575** | 575 |
| (b) Securities Premium | **3,50,850** | 2,95,866 |
| (c) Special Reserve /Statutory Reserve | **41,797** | 27,369 |
| (d) ESOP Reserve | **2,420** | 1,756 |
| (e) General Reserve | **288** | 288 |
| (f) Other Comprehensive Income | | |
| (i) Debt instruments at fair value through Other Comprehensive Income | **-** | 457 |
| (ii) Remeasurement of defined benefit (liability)/asset | **(22)** | 81 |
| (iii) Equity instrument through Other Comprehensive Income | **183,696** | - |
| (g) Capital Reserve | **93** | 93 |
| (h) Surplus in Statement of Profit and Loss (Refer Footnote 2 to 5) | **75,345** | 23,696 |
| **Total** | **6,55,042** | **3,50,181** |

**NOTE "19 (a)"**

**Transfer to Special Reserve**

As prescribed by section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to transfer 20% of its net profit every year, as disclosed in the Statement of Profit & Loss before any dividend is declared, to Special Reserve. Consequently, the Company has transferred ₹ 14,428 lakh to Special Reserve for the year ended March 31, 2023 (For the year ended March 31, 2022 ₹ 1,699 lakh).

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "19 (b)"**

**Nature & Purpose of Reserves**

As part of a qualitative disclosure, Company is required to present disclosures as required by Para 79 of Ind AS-1 i.e. nature & purpose of each reserve:

| Sr No. | Particulars | Nature & Purpose of Reserves |
|---|---|---|
| (a) | Capital Redemption Reserve | This reserve has been created and held in books as per requirement of the Companies Act. |
| (b) | Securities Premium Account | Premium received upon issuance of equity shares. |
| (c) | Special Reserve Account/Statutory Reserve | As prescribed by Section 45 IC of 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. |
| (d) | ESOP Reserve | Created upon grant of options to employees. |
| (e) | General reserve | Created upon employees stock options that expired unexercised or upon forfeiture of options granted. |
| (f) | Other Comprehensive income | Created on account of items measured through other comprehensive income. |
| (g) | Capital Reserve | Reserve created on accounting of merger of subsidiaries |
| (h) | Surplus in Statement of Profit and Loss | Created out of accretion of profits. |

**NOTE "20"**

**PROVISIONS AND CONTINGENT LIABILITIES**

**i. Movement in Provision against Stage I and Stage II assets during the period is as under :**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Opening Balance** | **451** | 574 |
| Additions during the period | - | - |
| Utilised during the period | **(271)** | (122) |
| **Closing Balance** | **180** | **451** |

**ii. 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 :**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Income Tax (Matters decided in the Company's favour by Appellate authorities and for which the Department is in further appeal) | **1,526** | 1,526 |
| Income Tax (Matters for which liability is disputed by the Company) | **4,564** | 4,564 |
| Value Added Tax (Pending before Appellate Authorities) | **41** | 276 |
| **Total** | **6,131** | **6,366** |

As at March 31, 2023, claims against the Company not acknowledged as debts in respect of income tax matters amounted to ₹ 6,090 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 u/s 14A of the Income-tax Act, 1961 for expenditure incurred in relation to exempt income and other disallowances. These matters are pending before various appellate authorities and the Company expects that its position will likely be upheld on ultimate resolution, in view of favourable Appellate Tribunal Orders for earlier years, recent decision of the Supreme Court and jurisdictional High

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

Court in respect of 14A disallowance. Accordingly, there will not be a material adverse effect on the Company's financial position and therefore, the Company has not recognized these as uncertain tax positions in its books.

**NOTE "21"**

**COMMITMENTS:**

i. The Company has sponsored Private Equity Funds in India, viz. Tata Capital Growth Fund I, Tata Capital Growth Fund II, Tata Capital Healthcare Fund I, Tata Capital Healthcare Fund II, Tata Capital Innovations Fund and Tata Capital Special Situations Fund and also acts as an Investment Manager to these Funds. As on March 31, 2023, the Company has aggregate commitments of ₹ 32,514 lakh (as at March 31, 2022: ₹ 36,671 lakh) towards investments in these Funds

ii. Commitment to co-invest with Omega TC Holdings Pte. Ltd USD 14.90 Million (₹ 12,000 lakh) (as at March 31, 2022 : USD 14.90 Million (₹ 11,250 lakh)

iii. Guarantees issued to National Housing Bank on behalf of Tata Capital Housing Finance Limited ₹ 120,000 lakh (As at March 31, 2022 : ₹ 120,000 lakh) against which the amount liable by Tata Capital Housing Finance Limited is ₹ 12,954 lakh as at March 31, 2023 (As at March 31, 2022 ₹ 18,156 lakh). Pursuant to the terms of the Guarantee, the Company's liability on invocation is capped at the outstanding amount.

**NOTE "22"** (₹ in lakh)

| INTEREST INCOME | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **(a) On Financial Assets measured at fair value through OCI** | | |
| (i) Interest on Perpetual Debt | **524** | 1,113 |
| **(b) On Financial Assets measured at amortized cost** | | |
| (i) Interest on Inter Corporate Deposits | **4,560** | 10,056 |
| (ii) Interest on loans | **3,255** | 3,043 |
| (iii) Other Interest income | **12** | 1 |
| **Total** | **8,351** | **14,213** |

**NOTE "23"** (₹ in lakh)

| FEES AND COMMISION INCOME | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **(a) Income from advisory and management services** | **6,383** | 5,214 |
| **Total** | **6,383** | **5,214** |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "24"**

(₹ in lakh)

| NET GAIN ON FAIR VALUE CHANGES | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **(a) Net gain on investments at fair value through profit or loss** | | |
| **(i) On trading Portfolio** | | |
| Investment | - | - |
| Derivatives | - | - |
| Others | - | - |
| **(ii) Others** | | |
| - On equity securities | **580** | 107 |
| - On other financial securities | **408** | 411 |
| - On derivative contracts | - | - |
| **(iii) Total net gain/(loss) on fair value changes** | **988** | **518** |
| **(b) Fair Value Changes :** | | |
| Realised loss | - | - |
| Unrealised gain | **988** | 518 |
| **Total Net gain/(loss) on fair value changes** | **988** | **518** |
| **Total** | **988** | **518** |

**NOTE "25"**

(₹ in lakh)

| OTHER INCOME | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| (a) Income from managerial services | **3,870** | 3,649 |
| (b) Net gain on derecognition of property, plant and equipment | **45** | 1 |
| (c) Miscellaneous Income | **450** | 1,082 |
| **Total** | **4,365** | **4,732** |

**NOTE "26"**

**Disclosure as per Ind AS 115**

**(a) Contracts with customers**

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **i. Type of service** | | |
| - Income from Advisory Services (Refer Footnote 1) | **3,580** | 1,524 |
| - Income from Managerial Services (Refer Footnote 2) | **6,674** | 7,339 |
| **Total revenue from contracts with customer** | **10,254** | **8,863** |
| **ii. Primary geographical market:** | | |
| - Outside India | **3,580** | 1,524 |
| - India | **6,674** | 7,339 |
| **Total revenue from contracts with customer** | **10,254** | **8,863** |
| **iii. Timing of revenue recognition** | | |
| - at a point in time of rendering service | **7,450** | 5,173 |
| - over the period of time upon rendering service | **2,804** | 3,690 |
| **Total revenue from contracts with customer** | **10,254** | **8,863** |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**(b) The following table provides information about receivables and contract liabilities from contracts with customers.**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Receivables | **440** | 899 |
| Contract Liabilities which are included in other liabilities (Refer Footnote 3) | **-** | - |
| **Total** | **440** | **899** |

**(c) 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, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Revenue reported as per IndAS 108 Segment Reporting** | **1,35,313** | **51,189** |
| Less: | | |
| Revenue reported as per IndAS 109 financial Instruments: | | |
| Interest income | **8,351** | 14,213 |
| Net gain on fair value changes | **988** | 518 |
| Revenue reported as per IndAS 27 Separate Financial Statements: | | |
| Dividend income | **13,403** | 20,717 |
| Profit on sale of investment | **99,918** | 2,971 |
| Revenue reported as per IndAS 40 Investment Property: | | |
| Rental income | **1,905** | 1,901 |
| Revenue reported as per IndAS 28-Investments in Associates and Joint Ventures | | |
| Net gain on de-recognition of associate | **-** | 923 |
| Other income | **494** | 1,083 |
| **Revenue reported as per IndAS 115 Revenue from contract with customers** | **10,254** | **8,863** |

**Footnotes:**

1. Income from Advisory fees are charged to offshore investment manager for providing non-exclusive non-binding support services for transactions by private equity funds.
2. Income from Managerial Services include :
   - Management fees charged to subsidiaries for providing managerial and marketing services at cost plus mark-up as and when the underlying costs are incurred.
   - Private Equity Asset Management fees charged for assets under management and recognised as contracted under investment management agreement with each Private Equity Fund.
3. The contract liabilities include management fees received in advance from the private equity funds. As per the management fee agreement between the Company (in capacity as Investment Manager) and private equity funds, the Company is liable to receive management fee bi-annually in advance. Income from managerial services is recognised on a time proportion basis over the period for which it is received.
4. As on March 31, 2023 and March 31, 2022, the Company doesn't have any unsatisfied/partially satisfied performance obligation in respect of revenue recognised for the year.

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "27"**

(₹ in lakh)

| FINANCE COST | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **(a) On Financial liabilities measured at Amortised Cost** | | |
| (i) Interest expense on security deposit | **391** | 455 |
| (ii) Interest on debt securities | **17,260** | 17,483 |
| (iii) Interest on subordinated liabilities | **8,079** | 8,646 |
| (iv) Interest on right to use liabilities | **30** | 3 |
| (v) Other interest expenses (discounting charges on Commercial Papers) | **4,723** | 2,383 |
| **Total** | **30,483** | **28,970** |

**Footnote :**

During the year ended March 31, 2023, the Company has declared and paid, an interim dividend for the year ending March 31, 2023 on Cumulative Redeemable Preference Shares aggregating to ₹ 96 lakh (For the year ending March 31, 2022 ₹ 196 lakh) and final dividend for the year ending March 31, 2023 aggregating to ₹ 7,934 lakh (For the year ending March 31, 2022 ₹ 8,219 lakh).

**NOTE "28"**

(₹ in lakh)

| IMPAIRMENT OF INVESTMENTS AT COST AND FINANCIAL INSTRUMENTS | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **(a) On Financial Instruments measured at amortized cost** | | |
| (i) Investments | **892** | 852 |
| (ii) Impairment provision against Stage I and Stage II assets | **(271)** | (122) |
| (iii) Impairment provision on trade receivables | **-** | - |
| **Total** | **621** | **730** |

**NOTE "29"**

(₹ in lakh)

| EMPLOYEE BENEFIT EXPENSES | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| (a) Salaries and wages | **9,580** | 7,708 |
| (b) Contribution to provident and other funds | **275** | 244 |
| (c) Share based payments to employees | **956** | 709 |
| (d) Staff welfare expenses | **64** | 13 |
| (e) Post employment defined benefit plans | **68** | 68 |
| **Total** | **10,943** | **8,742** |

**NOTE "30"**

(₹ in lakh)

| OTHER EXPENSES | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| (a) Advertising and publicity | **2,150** | 116 |
| (b) Director's fees, allowances and expenses | **153** | 151 |
| (c) Insurance | **92** | 76 |
| (d) IT costs | **380** | 347 |
| (e) Legal and professional charges | **297** | 481 |
| (f) Rent, taxes and energy costs | **378** | 258 |
| (g) Repairs and maintenance | **11** | 2 |
| (h) Printing and Stationery | **1** | 4 |
| (i) Travelling and conveyance | **97** | 71 |
| (j) Expenditure towards CSR (Refer Note 30 (c)) | **3** | 99 |
| (k) Other expenditure | **14** | 137 |
| **Total** | **3,576** | **1,742** |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**Included in Other Expenses are the below:**

**NOTE "30 (a)"** (₹ in lakh)

| Payments to auditors included in Other expenditure (excluding GST) | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| a) For statutory and interim audit | **40** | 37 |
| b) For tax audit | **2** | 6 |
| c) For company law matters | **-** | - |
| d) For other services * | **8** | 6 |
| e) For reimbursement of expenses | **-** | - |
| **Total** | **50** | **49** |

* Other Services include fees for certifications and FFC pack audit

**NOTE "30 (b)"** (₹ in lakh)

| Expenditure in Foreign Currencies | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| (a) Legal and professional fees | **10** | **-** |
| **Total** | **10** | **-** |

**NOTE "30 (c)"**

**Expenditure incurred for corporate social responsibility**

(i) Gross amount required to be spent by the Company during the year is ₹ 2.6 lakh (FY 2021-22 : ₹ 99 lakh)

(ii) Amount spent during the year on:

| Particulars | Amount of expenditure incurred | Shortfall at the end of the year | Total previous years shortfall |
|---|---|---|---|
| Construction / acquisition of any asset | - | - | - |
| On purposes other than above | 3 | - | - |
| **Total** | **3** | **-** | **-** |

(iii) Nature of CSR activities

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.

**NOTE "31"**

**INCOME TAX DISCLOSURES**

**A The income tax expense consist of the following:** (₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Current tax:** | | |
| Current tax expense for the year | **17,651** | 1,826 |
| Current tax expense / (benefit) pertaining to prior years | **(1,416)** | - |
| | **16,235** | 1,826 |
| **Deferred tax benefit** | | |
| Origination and reversal of temporary differences | **278** | 159 |
| Change in tax rates | **-** | - |
| | **278** | 159 |
| **Total income tax expense recognised in the year** | **16,513** | **1,985** |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**B Amounts recognised in OCI**

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | | | For the year ended March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | 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) | **(138)** | **35** | **(103)** | 9 | (2) | 7 |
| Equity instruments through Other Comprehensive Income | **2,32,651** | **(48,955)** | **1,83,696** | - | - | - |
| **Items that are or may be reclassified subsequently to profit or loss** | | | | | | |
| Net change in fair value | **(1,041)** | **238** | **(803)** | (144) | 38 | (106) |
| | **2,31,472** | **(48,682)** | **1,82,790** | **(135)** | **36** | **(99)** |

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

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Profit before tax | **88,564** | 10,295 |
| Indian statutory income tax rate | **25.17%** | 25.17% |
| Tax using the Company's domestic tax rate | **22,290** | 2,591 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:** | | |
| Tax-exempt income | **(1,405)** | - |
| Non-deductible expenses | **2,361** | 360 |
| Tax on income at different rates | **(4,553)** | (966) |
| Change in tax rates | **-** | - |
| Recognition of tax effect of previously | **-** | - |
| unrecognised tax losses | **(758)** | - |
| Adjustment relating to prior years | **(1,422)** | - |
| **Total income tax expense** | **16,513** | **1,985** |

**Note:**

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

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "32"**

(₹ in lakh)

| EARNINGS PER SHARE (EPS): | | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| Profit after tax | ₹ in lakh | **72,050** | 8,310 |
| Profit after tax available for equity shareholders | ₹ in lakh | **72,050** | 8,310 |
| Weighted average number of Equity shares used in computing Basic EPS | Nos | **3,51,72,51,494** | 3,51,61,67,744 |
| Face value of equity shares | ₹ | **10** | 10 |
| **Basic EPS** | ₹ | **2.05** | **0.24** |
| Profit after tax available for equity shareholders | ₹ in lakh | **72,050** | 8,310 |
| Weighted average number of Equity Shares used in computing Basic EPS | Nos | **3,51,72,51,494** | 3,51,61,67,744 |
| Add: Potential weighted average number of Equity shares | Nos | **-** | - |
| Weighted average number of shares in computing Diluted EPS | Nos | **3,51,72,51,494** | 3,51,61,67,744 |
| Face value of equity shares | ₹ | **10** | 10 |
| **Diluted EPS** | ₹ | **2.05** | **0.24** |

**NOTE "33"**

**SHARE BASED PAYMENT**

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

| Particulars | ESOP 2018 | ESOP 2019 | ESOP 2020 | ESOP 2021 | ESOP 2021 RSU | ESOP 2022 |
|---|---|---|---|---|---|---|
| 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 24 months and 30% at the end of each 36 and 48 months from the date of grant | 100% at the end of 36 months from the date of grant | 20% at the end of each 12 and 24 months and 30% at the end of each 36 and 48 months from the date of grant |
| ii. Maximum term of option | 7 years | 7 years | 7 years | 7 years | 3 years | 7 years |
| iii. Method of settlement | Equity settled | 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. | N.A. |
| v. Any other details as disclosed in the audited Ind AS financial statements | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

## B. Summary of share based payments

### March 31, 2023

| Particulars | ESOP 2018 | ESOP 2019 | ESOP 2020 | ESOP 2021 | ESOP 2021 RSU | ESOP 2022 | Total |
|---|---|---|---|---|---|---|---|
| **Outstanding balance at the beginning of the period** | **28,00,000** | **27,50,000** | **32,25,000** | **26,25,000** | **11,31,588** | **-** | **1,25,31,588** |
| Options granted | - | - | - | - | - | 19,15,940 | 19,15,940 |
| Options forfeited | - | 22,500 | 49,500 | 1,31,250 | 56,579 | - | 2,59,829 |
| Options exercised | 1,00,000 | 52,500 | 33,000 | - | - | - | 1,85,500 |
| Options expired | - | - | - | - | - | - | - |
| Options lapsed | - | - | - | - | - | - | - |
| **Options outstanding at the end of the year** | **27,00,000** | **26,75,000** | **31,42,500** | **24,93,750** | **10,75,007** | | **1,20,86,257** |
| Options exercisable at the end of the year | 27,00,000 | 18,72,500 | 12,57,000 | 4,98,750 | - | - | 63,28,250 |
| **For share options exercised:** | | | | | | | |
| Weighted average exercise price at date of exercise | | | | | | | 48.88 |
| Money realized by exercise of options | | | | | | | 90,67,400 |
| **For share options outstanding** | | | | | | | |
| Range of exercise prices | 50.60 | 51.00 | 40.30 | 51.80 | 51.80 | 85.00 | |
| Average remaining contractual life of options (years) | 2.50 | 3.34 | 4.34 | 5.34 | 1.50 | 6.17 | 3.66 |
| **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, 2022

| Particulars | ESOP 2018 | ESOP 2019 | ESOP 2020 | ESOP 2021 | ESOP 2021 RSU | Total |
|---|---|---|---|---|---|---|
| **Outstanding balance at the beginning of the year** | **28,00,000** | **27,50,000** | **32,25,000** | **-** | **-** | **87,75,000** |
| Options granted | - | - | - | 26,25,000 | 11,31,588 | 37,56,588 |
| Options forfeited | - | - | - | - | - | - |
| Options exercised | - | - | - | - | - | - |
| Options expired | - | - | - | - | - | - |
| Options lapsed | - | - | - | - | - | - |
| **Options outstanding at the end of the year** | **28,00,000** | **27,50,000** | **32,25,000** | **26,25,000** | **11,31,588** | **1,25,31,588** |
| Options exercisable at the end of the year | 19,60,000 | 11,00,000 | 6,45,000 | - | - | 37,05,000 |
| **For share options exercised:** | | | | | | |
| Weighted average exercise price at date of exercise | | | | | | - |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Particulars | ESOP 2018 | ESOP 2019 | ESOP 2020 | ESOP 2021 | ESOP 2021 RSU | Total |
|---|---|---|---|---|---|---|
| Money realized by exercise of options | | | | | | - |
| **For share options outstanding** | | | | | | |
| Range of exercise prices | 50.60 | 51.00 | 40.30 | 51.80 | 51.80 | |
| Average remaining contractual life of options (years) | 4.50 | 5.34 | 6.34 | 6.34 | 2.50 | 5.36 |
| **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. | |

### C. Valuation of stock options

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

| Particulars | ESOP 2018 | ESOP 2019 | ESOP 2020 | ESOP 2021 | ESOP 2021 RSU |
|---|---|---|---|---|---|
| **Share price:** | 50.60 | 51.00 | 40.30 | 51.80 | 85.00 |
| **Exercise Price:** | 50.60 | 51.00 | 40.30 | 51.80 | 85.00 |
| **Fair value of option:** | 23.34 | 23.02 | 17.07 | 22.33 | 40.40 |
| **Valuation model used:** | Black Scholes valuation | Black Scholes valuation | Black Scholes valuation | Black Scholes valuation | Black Scholes valuation |
| **Expected Volatility:** | 0.38 | 0.41 | 0.42 | 0.41 | 0.43 |
| **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 | Historical volatility of equity shares of comparable companies over the period ended May 31,2022 based on the life of options |
| **Contractual Option Life (years):** | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| **Expected dividends:** | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Risk free interest rate:** | 8.04% | 6.28% | 5.22% | 5.87% | 7.14% |
| **Vesting Dates** | 20% vesting on September 30, 2019 | 20% vesting on August 01, 2020 | 20% vesting on December 14, 2021 | 20% vesting on September 30, 2022 | 20% vesting on May 31, 2023 |
| | 40% vesting on September 30, 2020 | 40% vesting on August 01, 2021 | 40% vesting on July 31, 2022 | 40% vesting on July 31, 2023 | 40% vesting on May 31, 2024 |
| | 70% vesting on September 30, 2021 | 70% vesting on August 01, 2022 | 70% vesting on July 31, 2023 | 70% vesting on July 31, 2024 | 70% vesting on May 31, 2025 |
| | 100% vesting on September 30, 2022 | 100% vesting on August 01, 2023 | 100% vesting on July 31, 2024 | 100% vesting on July 31, 2025 | 100% vesting on May 31, 2026 |
| **Valuation of incremental fair value on modification** | N.A. | N.A. | N.A. | N.A. | N.A. |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**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, 2023**

| Name of Scheme | Mr. Rajiv Sabharwal | | Mr. Rakesh Bhatia | | Ms. Sarita Kamath | |
|---|---|---|---|---|---|---|
| | Granted | Exercised | Granted | Exercised | Granted | Exercised |
| ESPS 2009 | - | - | 50,151 | 50,151 | - | - |
| ESPS 2011 | - | - | - | - | 3,000 | 3,000 |
| ESOP 2011 | - | - | - | - | - | - |
| PS 2013 | - | - | - | - | 323 | 323 |
| ESPS 2013 | - | - | - | - | - | - |
| ESOP 2013 | - | - | - | - | 30,000 | 30,000 |
| ESOP 2016 | - | - | - | - | 10,000 | 10,000 |
| ESOP 2017 | - | - | - | - | 10,000 | 10,000 |
| ESOP 2018 | 16,00,000 | - | - | - | 1,00,000 | - |
| ESOP 2019 | 16,00,000 | - | - | - | 1,00,000 | - |
| ESOP 2020 | 17,60,000 | - | 2,00,000 | - | 1,10,000 | - |
| ESOP 2021 | 12,00,000 | - | 2,25,000 | - | 1,12,500 | - |
| ESOP 2021 RSU | 5,17,297 | - | 96,993 | - | 48,497 | - |
| ESOP 2022 | 9,90,100 | - | 1,65,820 | - | 82,910 | - |
| **Total** | **76,67,397** | **-** | **7,37,964** | **50,151** | **6,07,230** | **53,323** |

**As at March 31, 2022**

| Name of Scheme | Mr. Rajiv Sabharwal | | Mr. Rakesh Bhatia | | Ms. Sarita Kamath | |
|---|---|---|---|---|---|---|
| | Granted | Exercised | Granted | Exercised | Granted | Exercised |
| ESPS 2009 | - | - | 50,151 | 50,151 | - | - |
| ESPS 2011 | - | - | - | - | 3,000 | 3,000 |
| ESOP 2011 | - | - | - | - | - | - |
| PS 2013 | - | - | - | - | 323 | 323 |
| ESPS 2013 | - | - | - | - | - | - |
| ESOP 2013 | - | - | - | - | 30,000 | 30,000 |
| ESOP 2016 | - | - | - | - | 10,000 | 10,000 |
| ESOP 2017 | - | - | - | - | 10,000 | 10,000 |
| ESOP 2018 | 16,00,000 | - | - | - | 1,00,000 | - |
| ESOP 2019 | 16,00,000 | - | - | - | 1,00,000 | - |
| ESOP 2020 | 17,60,000 | - | 2,00,000 | - | 1,10,000 | - |
| ESOP 2021 | 12,00,000 | - | 2,25,000 | - | 1,12,500 | - |
| ESOP 2021 RSU | 5,17,297 | - | 96,993 | - | 48,497 | - |
| **Total** | **66,77,297** | **-** | **5,72,144** | **50,151** | **5,24,320** | **53,323** |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "34"**

**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 ₹ 41 lakh (Year ended 31 March 2022 ₹ 48 lakh) for Superannuation Fund contributions in the Statement of Profit and Loss.

**B. Defined benefit plans**

**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, 2023.

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 ₹ 234 lakh (Year ended 31 March 2022 ₹ 197 lakh) for Provident Fund contributions and ₹ Nil (Year ended 31 March 2022 ₹ 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<br>For service greater than 10 years: Salary X Service |
| Salary definition | Last drawn monthly basic salary + Dearness Allowance |
| Service definition | Number of years of service rounded to the nearest integer |
| Normal retirement age | 60 years |

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

The Tata Capital Limited Gratuity Scheme is funded by way of a separate irrevocable Trust and the Company is expected to make regular contributions to the Trust. The fund is managed internally by the Company and the assets are invested as per the pattern prescribed under Rule 67 of 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. **Market risk** : Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

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.

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.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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

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

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| **Defined Obligations at the beginning of the year** | **1,505** | - | 1,412 | - |
| Current service cost | **122** | - | 116 | - |
| Interest Cost on Defined Benefit Obligations | **95** | - | 85 | - |
| Benefits paid | **-** | - | - | - |
| Liabilities / (Assets) assumed on transfer of employees | **0*** | - | 10 | - |
| Actuarial (Gains)/ Losses on obligations arising from: | **-** | - | - | - |
| a. Due to change in financial assumptions | **10** | - | (7) | - |
| b. Due to change in experience adjustments | **(2)** | - | 62 | - |
| c. Due to experience adjustments | **-** | - | - | - |
| Benefits paid directly by the Company | **(93)** | - | (173) | - |
| **Defined Obligations at the end of the year** | **1,637** | **-** | **1,505** | **-** |

* Amount less than ₹ 50,000

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

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Fair Value at the beginning of the year | **2,285** | - | 2,079 | - |
| Expected return on plan assets | **(130)** | - | 63 | - |
| Amalgamations / Acquisitions | **0 *** | - | 10 | - |
| Interest Income on Plan Assets | **149** | - | 133 | - |
| **Fair Value of Plan Assets at the end of the year** | **2,304** | **-** | **2,285** | **-** |

* Amount less than ₹ 50,000

**c) Funded status**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Surplus of plan assets over obligations | **667** | | 780 | - |
| **Total** | **667** | **-** | **780** | **-** |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**d) Categories of plan assets**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Corporate bonds | **58** | - | 431 | - |
| Equity shares | **-** | - | 165 | - |
| Government securities | **7** | - | 511 | - |
| Insurer managed funds - ULIP Product | **2,238** | - | 1,078 | - |
| Cash | **1** | - | 100 | - |
| **Total** | **2,304** | **-** | **2,285** | **-** |

**e) Amount recognised in Balance sheet**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Present value of the defined benefit obligation | **1,637** | - | 1,505 | - |
| Fair value of plan assets | **2,304** | - | 2,285 | - |
| **Net asset recognised in the Balance Sheet** | **(667)** | **-** | **(780)** | **-** |

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

| Particulars | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Current Service Cost | **122** | - | 116 | - |
| Interest Cost (net) | **(54)** | - | (48) | - |
| **Expenses for the year** | **68** | **-** | **68** | **-** |

**g) Amount recognised in OCI**

| Particulars | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
|---|---|---|---|---|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| a. Due to change in financial assumptions | **10** | **-** | (7) | - |
| b. Due to change in experience adjustments | **(2)** | **-** | 62 | - |
| c. Due to experience adjustments | **-** | **-** | - | - |
| d. Return on plan assets (excl. interest income) | **130** | **-** | (63) | - |
| **Total remeasurements in OCI** | **138** | **-** | **(9)** | **-** |
| **Total defined benefit cost recognized in P&L and OCI** | **206** | **-** | **59** | **-** |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Expected total benefit payments | 2,601 | 2,499 |
| Year 1 | 175 | 151 |
| Year 2 | 228 | 196 |
| Year 3 | 247 | 213 |
| Year 4 | 554 | 229 |
| Year 5 | 201 | 506 |
| Next 5 years | 1,195 | 1,204 |

**i) Major Actuarial Assumptions**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Discount Rate (%) | 7.10% | 6.50% |
| Salary Escalation/ Inflation (%) | Non CRE: 9.00%, CRE & J Grade: 6.50% | Non CRE: 8.25%, CRE & J Grade:6% |
| Expected Return on Plan assets (%) | 7.10% | 6.50% |
| Attrition | | |
| **Mortality Table** | **Indian assured lives Mortality (2006-08) Ult.** | **Indian assured lives Mortality (2006-08) Ult.** |
| Medical cost inflation | | |
| Disability | | |
| Withdrawal (rate of employee turnover) | CRE and J Grade : 40%; Non CRE : Less than 5years : 25% More than 5 years : 10% | CRE and J Grade : 40%; Non CRE : Less than 5years : 25% More than 5 years : 10% |
| Retirement Age | 60 years | 60 years |
| Weighted Average Duration | | |
| Guaranteed rate of return | | |
| **Estimate of amount of contribution in the immediate next year** | **175** | **151** |

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

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**j) Sensitivity analysis**

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

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (68) | 74 | (68) | 74 |
| Future salary growth (1% movement) | 72 | (68) | 72 | (68) |
| Others (Withdrawal rate 5% movement) | (31) | 43 | (34) | 45 |

**k) Provision for leave encashment**

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Non current | Current | Non current | Current |
| Liability for compensated absences | 203 | 24 | 201 | 27 |

| Experience adjustments | Defined benefit obligation | Plan assets | Surplus/ (deficit) | Experience adjustments on plan liabilities | Experience adjustments on plan assets |
|---|---|---|---|---|---|
| **Funded** | | | | | |
| **2022-23** | **1,637** | **2,304** | **667** | **2** | **(130)** |
| **2021-22** | 1,505 | 2,285 | 780 | (62) | 63 |
| **Unfunded** | | | | | |
| **2022-23** | | | | | |
| **2021-22** | - | - | - | - | - |

**NOTE "35"**

**Disclosure as required by Indian Accounting Standard (Ind AS) - 24 on "Related Party Disclosures" notified under the Companies (Indian Accounting Standard) Rules, 2015:**

**List of related parties and relationship:**

| | |
|---|---|
| **Holding Company** | Tata Sons Private Limited |
| **Subsidiaries** | Tata Capital Financial Services Limited<br>Tata Capital Housing Finance Limited<br>Tata Cleantech Capital Limited<br>Tata Securities Limited<br>Tata Capital Pte. Limited<br>Tata Capital Advisors Pte. Ltd.<br>Tata Capital Plc<br>Tata Capital General Partners LLP<br>Tata Capital Healthcare General Partners LLP<br>Tata Opportunities General Partners LLP<br>Tata Capital Growth II General Partners LLP<br>Tata Capital Healthcare II General Partners LLP<br>Tata Capital Growth Fund I<br>Tata Capital Healthcare Fund I<br>Tata Capital Innovations Fund<br>Tata Capital Special Situation Fund<br>Tata Capital Growth Fund II<br>Tata Capital Healthcare Fund II |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| | |
|---|---|
| **Associates** | Tata Autocomp Systems Limited (ceased to be Assocaite w.e.f 23.03.3023)<br>Roots Corporation Limited (ceased to be Associate w.e.f. 25.03.2022)<br>Tata Projects Limited<br>Tata Play Limited (formerly Tata Sky Limited)<br>**Associates of Tata Capital Financial Services Limited**<br>Shriram Properties Limited (ceased to be Associate w.e.f 22.12.2021)<br>TVS Supply Chain Solutions Limited<br>Fincare Business Services Limited<br>Fincare Small Finance Bank Limited (w.e.f. 21.01.2021)<br>**Associates of Domestic Venture Capital Funds (Portfolio Investments)**<br>Lokmanaya Hospital Private Limited<br>Novalead Pharma Private Limited<br>Vortex Engineering Private Limited<br>Sea6 Energy Private Limited<br>Alef Mobitech Solutions Private Limited<br>TEMA India Private Limited<br>Kapsons Industries Limited<br>Tata Technologies Limited<br>Indusface Private Limited<br>Linux Laboratories Private Limited<br>Atulaya Healthcare Private Limited<br>Cnergyis Infotech India Private Limited<br>Deeptek Inc, a Delaware Corporation<br>Anderson Diagnostic Services Pvt. Ltd. (w.e.f. 08.06.2022)<br>Cellcure Cancer Centre Pvt Ltd (w.e.f 28.12.2022) |
| **Post Employment Benefit Plan** | Tata Capital Limited Gratuity Scheme<br>Tata Capital Limited Employees Provident Fund<br>Tata Capital Limited Superannuation Scheme<br>TCL Employee Welfare Trust |
| **Fellow-subsidiaries (with which the Company had transactions)** | Tata Consultancy Services Limited<br>Tata Teleservices (Maharashtra) Limited<br>Tata AIG General Insurance Company Limited<br>Tata Digital Private Limited (formerly Tata Digital Limited)<br>AirAsia (India) Limited<br>Tata International Limited<br>Tata Investment Corporation Limited<br>Supermarket Grocery Supplies Private Limited |
| **Associate of Holding Company** (with which the Company had transactions) | The Indian Hotels Company Limited<br>Tata Steel Limited<br>Tata Consumer Products Limited (formerly Tata Global Beverages Limited)<br>Tata Chemicals Limited<br>Tata Motors Limited<br>Voltas Limited<br>The Tata Power Company Limited |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| | |
|---|---|
| **Joint Venture of Holding Company** (with which the Company had transactions) | Tata AIA Life Insurance Company Limited<br>Tata Industries Limited |
| **Subsidiary of Associate of Holding Company** (with which the Company had transactions) | Piem Hotels Limited |
| **Other related parties** | Mrs Sangeeta Sabharwal (Relative of KMP) |
| **Key Management Personnel** | Mr. Saurabh Agrawal - Chairman and Non-Executive Director<br>Mr. F. N. Subedar - Non-Executive Director<br>Ms. Aarthi Subramanian - Non-Executive Director<br>Ms. Malvika Sinha - Independent Director (appointed w.e.f 01.04.2021)<br>Ms. Varsha Purandare- Independent Director<br>Mr Vadalur Subramanian Radhakrishnan- Independent Director (appointed w.e.f 23.03.2023)<br>Mr Mathew Cyriac-Independent Director (appointed w.e.f 23.03.2023)<br>Mr. Rajiv Sabharwal - Managing Director & CEO<br>Ms. Sarita Kamath - Company Secretary<br>Mr. Rakesh Bhatia- Chief Financial Officer |

**SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES :**

| Sr. No. | Party Name | Nature of Transactions | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| **I** | **Transactions with Holding Company :** | | | | |
| **1** | **Tata Sons Private Limited** | Income | | | |
| | | | Recovery of stamp duty on sale of shares | 11 | - |
| | | Expense | | | |
| | | | BEBP Expenses | 332 | 83 |
| | | | Dividend paid during period - Equity Shares | 5,319 | - |
| | | | Legal and professional charges | 16 | - |
| | | Other Transactions | Equity shares issued (including Securities Premium) | 56,509 | - |
| | | | Proceeds on sale of TACO shares | 90,000 | - |
| | | Assets | | | |
| | | | Recovery of stamp duty on sale of shares | 11 | - |
| | | Liabilities | | | |
| | | | Equity shares held | 3,36,868 | 3,32,458 |
| | | | Provision for Brand Equity Contribution | 332 | 83 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Sr. No. | Party Name | Nature of Transactions | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| II | **Transactions with Subsidiaries :** | | | | |
| 1 | **Tata Capital Financial Services Limited** | Income | | | |
| | | | Dividend received during period - Equity Shares | 5,478 | 12,061 |
| | | | Interest income on Inter Corporate Deposit | 3,767 | 9,462 |
| | | | Interest income on Perpetual Non-Convertible debentures | 524 | 1,113 |
| | | | Rent Income | 962 | 1,076 |
| | | | Marketing & Managerial Service Fees Income | 2,328 | 2,155 |
| | | | Recovery of Marketing & Managerial Service received | 323 | 109 |
| | | | Recovery of Insurance expenses | 9 | 7 |
| | | | Recovery of electricity expenses | 33 | 42 |
| | | | Recovery of contribution to trust expenses | 106 | - |
| | | | Recovery of consultancy charges | 15 | - |
| | | Expense | | | |
| | | | Rent expense | 4 | 4 |
| | | Other Transactions | Infusion in Equity Share (inclusive of premium) | 1,15,000 | 30,000 |
| | | | Inter-Corporate Deposit placed | 6,01,926 | 4,89,579 |
| | | | Inter-Corporate Deposit repaid | 6,79,419 | 5,27,144 |
| | | | Transfer of fixed assets | - | 1 |
| | | | Refund of Security Deposit | 1,180 | - |
| | | Assets | | | |
| | | | Investment in equity shares | 6,83,755 | 5,68,755 |
| | | | Perpetual Non-Convertible debentures | - | 13,560 |
| | | | Inter-Corporate Deposit Receivable | - | 77,493 |
| | | | Accrued Interest on ICD Outstanding | - | 495 |
| | | | Accrued Interest on Perpetual Debentures | - | 18 |
| | | | Balance Receivable- Trade | 347 | 622 |
| | | | Balance Receivable- other | - | 4 |
| | | Liabilities | | | |
| | | | Security Deposit payable | 4,442 | 5,622 |
| | | | Balance Payable towards Rent | 1 | - |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Sr. No. | Party Name | Nature of Transactions | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| 2 | **Tata Capital Housing Finance Limited** | Income | | | |
| | | | Dividend received during period - Equity Shares | 3,231 | 8,651 |
| | | | Interest income on Inter Corporate Deposit | 792 | 581 |
| | | | Marketing & Managerial Service Fees Income | 1,105 | 1,066 |
| | | | Rent Income | 114 | - |
| | | | Recovery of Marketing & Managerial Service received | 126 | 52 |
| | | | Recovery of Insurance expenses | 3 | 2 |
| | | | Recovery of electricity expenses | 4 | - |
| | | | Recovery of contribution to trust expenses | 26 | - |
| | | | Recovery of consultancy charges | 10 | - |
| | | Other Transactions | | | |
| | | | Infusion in Equity Share (inclusive of premium) | 50,000 | - |
| | | | Inter-Corporate Deposit placed | 2,45,484 | 2,92,696 |
| | | | Inter-Corporate Deposit repaid | 2,01,117 | 2,95,586 |
| | | | security deposit received | 1,260 | - |
| | | Assets | | | |
| | | | Investment in equity shares | 2,90,600 | 2,40,600 |
| | | | Inter-Corporate Deposit Receivable | 44,367 | - |
| | | | Accrued Interest on ICD Outstanding | 9 | - |
| | | | Balance Receivable- Trade | 161 | 253 |
| | | Liabilities | | | |
| | | | Security Deposit payable | 1,260 | - |
| | | Commitments | | | |
| | | | Guarantees issued to National Housing Bank on behalf of TCHFL | 12,954 | 18,156 |
| 3 | **Tata Cleantech Capital Limited** | Income | | | |
| | | | Interest income on Inter Corporate Deposit | - | 13 |
| | | | Rent Income | 52 | 60 |
| | | | Marketing & Managerial Service Fees Income | 437 | 428 |
| | | | Recovery of Insurance expenses | 0* | 0* |
| | | | Recovery of electricity expenses | 2 | 2 |
| | | | Recovery of Marketing & Managerial Service received | 52 | 30 |
| | | | Recovery of consultancy charges | 5 | - |
| | | Other Transactions | | | |
| | | | Investments in Equity shares | - | 24,957 |
| | | | ICDs placed during the period | - | 18,500 |
| | | | ICDs repaid back during the period | - | 28,500 |
| | | | Refund of Security Deposit | 79 | - |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Sr. No. | Party Name | Nature of Transactions | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| | **Tata Cleantech Capital Limited (continued)** | Assets | | | |
| | | | Investment in Equity Shares | 74,062 | 74,062 |
| | | | Balance Receivable- Trade | 53 | 120 |
| | | | Balance Receivable- Other | - | 0* |
| | | Liabilities | | | |
| | | | Security Deposit payable | 244 | 324 |
| 4 | **Tata Securities Limited** | Income | | | |
| | | | Rent Income | 8 | - |
| | | | Recovery of Insurance expenses | 0* | 0* |
| | | | Recovery of electricity expenses | 0* | - |
| | | Other Transactions | Infusion in Equity Share (inclusive of premium) | 1,500 | - |
| | | Assets | | | |
| | | | Investment in Equity Shares | 2,289 | 789 |
| | | | Balance Receivable | 2 | - |
| 5 | **Tata Capital Pte. Limited** | Income | | | |
| | | | Dividend received during period - Equity Shares | 2,730 | - |
| | | Assets | | | |
| | | | Investment in Equity Shares | 10,807 | 10,807 |
| 6 | **Tata Capital Advisors Pte. Limited** | Income | | | |
| | | | Income from advisory fees | 3,580 | 1,506 |
| | | Assets | | | |
| | | | Balance Receivable | 86 | 13 |
| 7 | **Tata Capital Growth Fund I** | Expense | | | |
| | | | Provision for Diminution in value of Investment | 187 | - |
| | | Income | | | |
| | | | Distribution of Carry income | 2,022 | 1,905 |
| | | | Proceeds from Divestment - Profit on sale | 3,627 | - |
| | | Other Transactions | Proceeds from Divestment -Cost | 743 | - |
| | | Assets | | | |
| | | | Investment in Class A units of fund | 4,690 | 5,433 |
| | | | Provision for Diminution in value of Investment | (1,275) | (1,088) |
| | | Commitments | | | |
| | | | Commitments | 2,983 | 2,983 |
| 8 | **Tata Capital Healthcare Fund I** | Expense | | | |
| | | | Provision for Diminution in value of Investment | 479 | 580 |
| | | Other Transactions | Reimbursement of Legal expenses | - | 6 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Sr. No. | Party Name | Nature of Transactions | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| | **Tata Capital Healthcare Fund I (continued)** | Assets | | | |
| | | | Investment in Class A units of fund | 2,377 | 2,377 |
| | | | Provision for Diminution in value of Investment | (1,336) | (857) |
| | | Commitments | | | |
| | | | Commitments | 559 | 559 |
| 9 | **Tata Capital Innovation Fund** | Income | | | |
| | | | Proceeds from Divestment -Profit on sale | 404 | 1,274 |
| | | Other Transactions | Proceeds from Divestment -Cost | 302 | 759 |
| | | | Reimbursement of Legal expenses | 25 | 17 |
| | | Expense | | | |
| | | | Provision for Diminution in value of Investment | 96 | 239 |
| | | Assets | | | |
| | | | Investment in Class A units of fund | 4,572 | 5,058 |
| | | | Investment in Class B units of fund | 0* | 0* |
| | | | Provision for Diminution in value of Investment | (3,826) | (3,915) |
| | | | Trade Receivables -Towards Management Fees | 195 | 195 |
| | | | Provision for bad & doubtful debts | (192) | (192) |
| | | Commitments | | | |
| | | | Commitments | 45 | 45 |
| 10 | **Tata Capital Healthcare Fund II** | Income | | | |
| | | | Asset Management Fees | 1,350 | 2,261 |
| | | | Setup fee | - | 113 |
| | | | Distribution of Interest | 0* | 1 |
| | | | Distribution of compensating contribution | 4 | 41 |
| | | Expenses | | | |
| | | | Provision for Diminution in value of Investment | 42 | 1 |
| | | Other Transactions | Investment in Units of Fund | 2,436 | 1,850 |
| | | | Return of Capital | (343) | (646) |
| | | | Reimbursement of Legal expenses | 25 | 73 |
| | | Assets | | | |
| | | | Investment in units of fund | 4,613 | 2,520 |
| | | | Provision for Diminution in value of Investment | (80) | (38) |
| | | | Accrued income | - | 715 |
| | | | Balance Receivable-Towards Reimbursement of Expenses | 22 | 56 |
| | | Commitments | | | |
| | | | Commitments | 9,387 | 11,480 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Sr. No. | Party Name | Nature of Transactions | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| 11 | **Tata Capital Growth Fund II** | Income | | | |
| | | | Proceeds from Divestment -Profit on sale | 6,476 | - |
| | | | Asset Management Fees | 1,454 | 1,316 |
| | | | Distribution of Interest | - | 1 |
| | | | Distribution of compensating contribution | 14 | - |
| | | Expense | | | |
| | | | Provision for Diminution in value of Investment | 88 | 33 |
| | | Other Transactions | Investment in Class A1 units of Fund | 10,107 | 2,435 |
| | | | Investment in Class B1 units of Fund | 35 | 8 |
| | | | Investment in Class B2 units of Fund | 28 | 7 |
| | | | Return of Capital in Class A1 units of fund | (8,176) | - |
| | | | Return of Capital in Class B1 units of fund | (28) | - |
| | | | Return of Capital in Class B2 units of fund | (23) | - |
| | | | Reimbursement of expenses | 80 | 7 |
| | | | Proceeds from divestment -cost | 1,619 | |
| | | Assets | | | |
| | | | Investment in Class A1 units of Fund | 16,561 | 14,619 |
| | | | Investment in Class B1 units of Fund | 51 | 51 |
| | | | Investment in Class B2 units of Fund | 41 | 41 |
| | | | Provision for Diminution in value of Investment | (270) | (182) |
| | | | Accrued income | - | 0* |
| | | | Balance Receivable-Towards Reimbursement of Expenses | 3 | 7 |
| | | Commitments | | | |
| | | | Commitments | 19,518 | 21,582 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Sr. No. | Party Name | Nature of Transactions | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| 12 | **Tata Capital Special Situations Fund** | Income | | | |
| | | | Distribution of compensating contribution | 23 | - |
| | | Other Transactions | Proceeds from Divestment -Cost | 85 | - |
| | | Assets | | | |
| | | | Investment in Class A units of fund | 2,175 | 2,260 |
| | | | Investment in Class B units of fund | 0* | 0* |
| | | | Provision for Diminution in value of Investment | (990) | (990) |
| | | Commitments | | | |
| | | | Commitments | 22 | 22 |
| **III** | **Transactions with Associates :** | | | | |
| 1 | **Tata Autocomp Systems Limited (ceased to be Associate w.e.f 23.03.2023)** | Income | | | |
| | | | Dividend received during period - Equity Shares | 1,932 | - |
| | | Assets | | | |
| | | | Investment in Equity shares | 2,46,219 | 18,528 |
| 2 | **Tata Projects Limited** | Other transactions | Infusion in Equity Share (inclusive of premium) | - | 2,655 |
| | | Assets | | | |
| | | | Investment in equity shares | 5,478 | 5,478 |
| 3 | **Tata Play Limited (formerly Tata Sky Limited)** | Assets | | | |
| | | | Investment in equity shares | 5,242 | 5,242 |
| 4 | **Cnergyis Infotech India Private Limited** | Other Transactions | Reimbursement of Legal expenses received | - | 33 |
| | | Assets | | | |
| | | | Balance Receivable | - | 33 |
| **IV** | **Transactions with Post Employment Benefit Plans** | | | | |
| 1 | **Tata Capital Limited Gratuity Scheme** | Liabilities | | | |
| | | | Provision for Trust's exposure to investment in IL & FS | 140 | 140 |
| 2 | **Tata Capital Limited Employees Provident Fund** | Expense | | | |
| | | | Employer Contribution to Provident Fund | 183 | 182 |
| | | Other Transactions | Employee Contribution to Provident Fund and Voluntary Provident Fund | 311 | 364 |
| | | Liabilities | | | |
| | | | Provision for Trust's exposure to investment in IL & FS | 285 | 285 |
| | | | Statutory Liabilities | 38 | 43 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Sr. No. | Party Name | Nature of Transactions | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| 3 | **Tata Capital Limited Superannuation Scheme** | Expense | Contribution to Superannuation Scheme | 44 | 48 |
| | | Liabilities | Statutory Liabilities | - | 4 |
| 4 | **TCL Employee Welfare Trust** | Expense | Dividend paid on equity shares | 84 | - |
| | | Other Transactions | Equity shares issued (including Securities Premium) | 896 | - |
| | | Liabilities | Equity shares held | 5,304 | 5,280 |
| V | **Transactions with Fellow-subsidiaries:** | | | | |
| 1 | **Tata Consultancy Services Limited** | Expense | Information Technology Expenses | 318 | 318 |
| | | Liabilities | Provision for IT costs | 306 | 199 |
| 2 | **Tata Teleservices (Maharashtra) Limited** | Expense | Communication Expenses | 4 | 2 |
| 3 | **Tata AIG General Insurance Company Limited** | Expense | Insurance premium | 19 | 14 |
| | | Assets | Advance given | 11 | 12 |
| 4 | **Tata Digital Private Limited (formerly Tata Digital Limited)** | Income | Interest income on Loan | 1,369 | 3,029 |
| | | Other Transactions | Loan given during period | 90,000 | 90,000 |
| | | | Repayment of Short Term Loan given | (90,000) | (90,000) |
| 5 | **AIX Connect Private Limited [formerly Air Asia (India) Private Limited]** | Income | Interest income on Loan | 1,810 | 13 |
| | | Other Transactions | Loan given during period | - | 20,000 |
| | | | Processing fees received | - | 100 |
| | | | Loan repayment received during period | (20,000) | - |
| | | Assets | Loan Principal receivable | - | 20,000 |
| | | | Unamortised processing fees | - | (99) |
| | | | Accrued interest on loan | - | 13 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Sr. No. | Party Name | Nature of Transactions | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| 6 | **Tata International Limited** | Expense | | | |
| | | | Dividend paid on equity shares | 1 | - |
| | | Liabilities | | | |
| | | | Equity shares held | 79 | 79 |
| 7 | **Tata Investment Corporation Limited** | Expense | | | |
| | | | Dividend paid on equity shares | 124 | - |
| | | Other Transactions | Equity shares issued (including Securities Premium) | 1,304 | - |
| | | Liabilities | | | |
| | | | Equity shares held | 7,816 | 7,720 |
| 8 | **Supermarket Grocery Supplies Private Limited** | Other Transactions | Investment in Equity shares | 9,720 | - |
| | | Assets | | | |
| | | | Investment in equity shares | 10,327 | - |
| **VI** | **Transactions with Associate of Holding Company :** | | | | |
| 1 | **The Indian Hotels Company Limited** | Income | | | |
| | | | Dividend received during period - Equity Shares | 0* | 0* |
| | | | Profit on sale of shares of Roots Corporation Limited | - | 923 |
| | | Expense | | | |
| | | | Conference Expenses | 52 | - |
| | | | Travelling expenses | 5 | - |
| | | | Staff Welfare Expenses | 8 | 9 |
| | | | Membership expenses | - | 2 |
| | | Other Transactions | Investment in Equity Shares | - | 3 |
| | | | Proceeds on sale of shares of Roots Corporation Limited - cost | - | 2,062 |
| | | | Reimbursement of Stamp duty on transfer of shares | - | 0* |
| | | Assets | | | |
| | | | Investment in Equity Shares | 64 | 47 |
| 2 | **Tata Steel Limited** | Income | | | |
| | | | Dividend received during period - Equity Shares | 9 | 4 |
| | | Assets | | | |
| | | | Investment in Equity Shares | 175 | 219 |
| 3 | **Tata Consumer Products Limited (formerly Tata Global Beverages Limited)** | Expense | | | |
| | | | Dividend paid during period - Equity Shares | 1 | - |
| | | Liabilities | | | |
| | | | Equity shares held | 61 | 61 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Sr. No. | Party Name | Nature of Transactions | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| 4 | **Tata Chemicals Limited** | Expense | Dividend paid during period - Equity Shares | 5 | - |
| | | Liabilities | Equity shares held | 323 | 323 |
| 5 | **Tata Motors Limited** | Expense | Dividend paid during period - Equity Shares | 7 | - |
| | | Liabilities | Equity shares held | 433 | 433 |
| 6 | **Voltas Limited** | Expense | Dividend on Cumulative Redeemable Preference Shares paid | 366 | 366 |
| | | Liabilities | Cumulative Redeemable Preference shares held | 5,000 | 5,000 |
| 7 | **The Tata Power Company Limited** | Expense | Dividend paid during period - Equity Shares | 4 | - |
| | | Liabilities | Equity shares held | 233 | 233 |
| **VII** | **Transactions with Joint Venture of Holding Company :** | | | | |
| 1 | **Tata AIA Life Insurance Company Limited** | Expense | Insurance premium | 28 | 22 |
| | | Assets | Advance given | 3 | 27 |
| 2 | **Tata Industries Limited** | Expense | Dividend paid during period - Equity Shares | 4 | - |
| | | Liabilities | Equity shares held | 227 | 227 |
| **VIII** | **Transactions with Subsidiary of Associate of Holding Company :** | | | | |
| 1 | **Piem Hotels Limited** | Expense | Other expenditure | 8 | 0* |
| **IX** | **Other related parties** | | | | |
| 1 | **Relative of KMP** | Expense | Dividend on Cumulative Redeemable Preference Shares paid | 1 | 4 |
| | | Other Transactions | Redemption of Cumulative Redeemable Preference shares | 50 | - |
| | | Liabilities | Cumulative Redeemable Preference shares held | - | 50 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Sr. No. | Party Name | Nature of Transactions | | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| X | **Transactions with KMP :** | | | | |
| 1 | **Key Management Personnel (KMP)** | Expense | | | |
| | | | Remuneration to KMP | | |
| | | | - Short Term Employee Benefits | 1,561 | 1,364 |
| | | | - Post Employment Benefits | 45 | 42 |
| | | | - Termination benefits | - | - |
| | | | Other expenditure | | |
| | | | - Director Sitting Fees & Commission (on payment basis) | 134 | 129 |
| | | | Dividend paid on Cumulative Redeemable Preference shares | 1 | 7 |
| | | | Dividend paid on equity shares | 1 | - |
| | | | ESOP | | |
| | | | - Share based payments (No. of Shares) | | |
| | | | a) Options granted | 12,38,830 | 22,00,287 |
| | | | b) Options exercised | - | - |
| | | Other Transactions | Redemption of Cumulative Redeemable Preference shares | 100 | - |
| | | Liabilities | | | |
| | | | Equity shares held | 35 | 35 |
| | | | Cumulative Redeemable Preference shares held | - | 100 |
| | | | ESOP | | |
| | | | - Share based payments (No. of Shares) | | |
| | | | a) Total Options granted till date | 95,00,023 | 86,55,498 |
| | | | b) Total Options exercised till date | 5,90,906 | 7,60,211 |

* Amounts less than ₹ 50,000

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "36"**

**LEASES**

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

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 seperately within property and equipment (see note 10)**

(₹ in lakh)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening Balance | **37** | 9 |
| Additions during the year | **1,303** | 96 |
| Deletion during the year | **(29)** | (38) |
| Depreciation charge for the year | **(458)** | (30) |
| **Closing Balance** | **853** | **37** |

**(ii) Movement of Lease liabilities**

(₹ in lakh)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Opening Balance | **36** | 9 |
| Additions during the year | **1,272** | 95 |
| Deletion during the year | **(37)** | (39) |
| Finance cost | **30** | 3 |
| Payment of lease liabilities | **(461)** | (32) |
| **Closing Balance** | **840** | **36** |

**(iii) Amounts recognised in statement of cash flows**

(₹ in lakh)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Total cash outflow for leases during the year | **461** | 32 |

**(iv) Amounts recognized in the Statement of Profit and Loss**

(₹ in lakh)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest on lease liabilities | **30** | 3 |
| Depreciation of ROU lease asset | **458** | 30 |

**(v) Future lease payments required are as follows:**

(₹ in lakh)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Less than one month | **106** | 2 |
| Between one and three months | **213** | 5 |
| Between three months and one year | **521** | 23 |
| Between one and five years | **-** | 8 |
| **Total undiscounted lease liabilities** | **840** | **38** |

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

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "37"**

**OPERATING SEGMENTS**

In accordance with Ind AS 108 on Operating Segments, the Company has identified three business segments i.e. Investment Activity, Private Equity Investments and Others (includes property management services and managerial & marketing services).The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors. Operating segment disclosures are consistent with the information reviewed by the CODM.

(₹ in lakh)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **I Segment Revenue** | | |
| (a) Investment activity | **1,10,396** | 37,145 |
| (b) Private equity investments | **18,977** | 8,082 |
| (c) Others | **5,775** | 5,550 |
| (d) Unallocated | **165** | 412 |
| **Total** | **1,35,313** | **51,189** |
| **Less : Inter-segment revenue** | **-** | - |
| **Total Income** | **1,35,313** | **51,189** |
| **II Segment Expenses** | | |
| (a) Investment activity | **27,374** | 26,271 |
| (b) Private equity investments | **10,117** | 7,785 |
| (c) Others | **4,185** | 4,015 |
| (d) Unallocated | **5,074** | 2,822 |
| **Total Expenses** | **46,750** | **40,894** |
| **III Segment Results** | | |
| (a) Investment activity | **8,860** | 296 |
| (b) Private equity investments | **1,590** | 1,535 |
| (c) Others | **(4,909)** | (2,410) |
| (d) Unallocated | | |
| **Profit before taxation** | **88,563** | **10,295** |
| Less : Provision for taxation | **16,513** | 1,985 |
| **Profit after taxation** | **72,050** | **8,310** |

**Footnote:**

Out of the Total Segment Revenue, ₹ 3,580 lakhs pertains to revenue earned from outside India (For the year ended March 31, 2022 ₹ 1,524 lakhs)

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **IV Segment Assets** | | |
| (a) Investment activity | **14,76,743** | 10,86,218 |
| (b) Private equity investments | **27,654** | 26,378 |
| (c) Others | **5,347** | 6,289 |
| (d) Unallocated | **6,511** | 7,366 |
| **Total** | **15,16,255** | **11,26,251** |
| **V Segment Liabilities** | | |
| (a) Investment activity | **4,03,643** | 3,75,875 |
| (b) Private equity investments | **38,447** | 36,832 |
| (c) Others | **6,166** | 6,222 |
| (d) Unallocated | **56,946** | 5,524 |
| **Total** | **5,05,202** | **4,24,453** |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **VI Capital Employed** | | |
| (a) Investment activity | **10,73,100** | 7,10,343 |
| (b) Private equity investments | **(10,793)** | (10,454) |
| (c) Others | **(819)** | 67 |
| (d) Unallocated | **(50,435)** | 1,842 |
| **Total** | **10,11,053** | **7,01,798** |

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **VII Capital Expenditure (including Capital Work-in-Progress)** | | |
| (a) Investment activity | **-** | - |
| (b) Private equity investments | **-** | - |
| (c) Others | **-** | - |
| (d) Unallocated | **(552)** | (134) |
| **Total** | **(552)** | **(134)** |
| **VIII Depreciation, amortisation and impairment** | | |
| (a) Investment activity | **-** | - |
| (b) Private equity investments | **27** | 12 |
| (c) Others | **345** | 346 |
| (d) Unallocated | **758** | 352 |
| **Total** | **1,130** | **710** |
| **IX Significant Non-Cash Expenses Other than Depreciation, amortisation and impairment** | | |
| (a) Investment activity | **(271)** | (122) |
| (b) Private equity investments | **892** | 852 |
| (c) Others | **-** | - |
| (d) Unallocated | **-** | - |
| **Total** | **621** | **730** |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

## NOTE "38"

## FINANCIAL INSTRUMENTS

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(iv) to the financial statements.

### Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2023 is as follows:

(₹ in lakh)

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehensive Income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Investment in Subsidiary/ Associate/ JV at Cost | Total Carrying Value |
|---|---|---|---|---|---|---|---|
| **Financial Assets:** | | | | | | | |
| Cash and cash equivalents | - | - | - | - | 212 | - | 212 |
| Other balances with banks | - | - | - | - | 2 | - | 2 |
| Trade and other receivables | - | - | - | - | 790 | - | 790 |
| Investments | 1,14,093 | 2,46,219 | - | - | - | 10,99,537 | 14,59,849 |
| Loans | - | - | - | - | 44,198 | - | 44,198 |
| Other financial assets | - | - | - | - | 575 | - | 575 |
| **Total** | **1,14,093** | **2,46,219** | **-** | **-** | **45,777** | **10,99,537** | **15,05,626** |
| **Financial Liabilities:** | | | | | | | |
| Trade and other payables | - | - | - | - | 2,940 | - | 2,940 |
| Debt securities | - | - | - | - | 3,32,351 | - | 3,32,351 |
| Subordinated liabilities | - | - | - | - | 1,07,013 | - | 1,07,013 |
| Lease liability | - | - | - | - | 840 | - | 840 |
| Other financial liabilities | - | - | - | - | 9,415 | - | 9,415 |
| **Total** | **-** | **-** | **-** | **-** | **4,52,559** | **-** | **4,52,559** |

The carrying value of financial instruments by categories as at March 31, 2022 is as follows:

(₹ in lakh)

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehensive Income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Investment in Subsidiary/ Associate/ JV at Cost | Total Carrying Value |
|---|---|---|---|---|---|---|---|
| **Financial Assets:** | | | | | | | |
| Cash and cash equivalents | - | - | - | - | 195 | - | 195 |
| Other balances with banks | - | - | - | - | 13 | - | 13 |
| Trade and other receivables | - | - | - | - | 1,289 | - | 1,289 |
| Investments | 50,886 | 13,560 | - | - | - | 9,49,551 | 10,13,997 |
| Loans | - | - | - | - | 97,510 | - | 97,510 |
| Other financial assets | - | - | - | - | 774 | - | 774 |
| **Total** | **50,886** | **13,560** | **-** | **-** | **99,780** | **9,49,551** | **11,13,777** |
| **Financial Liabilities:** | | | | | | | |
| Trade and other payables | - | - | - | - | 2,306 | - | 2,306 |
| Debt securities | - | - | - | - | 2,98,046 | - | 2,98,046 |
| Subordinated liabilities | - | - | - | - | 1,10,983 | - | 1,10,983 |
| Lease liability | - | - | - | - | 36 | - | 36 |
| Other financial liabilities | - | - | - | - | 10,963 | - | 10,963 |
| **Total** | **-** | **-** | **-** | **-** | **4,22,335** | **-** | **4,22,335** |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**Fair value hierarchy:**

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date.

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.

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.

**Valuation models:**

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company uses widely recognised valuation models to determine the fair value of financial instruments, such as interest rate swap and forward rate agreement, 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 and derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

For more complex instruments, the Company uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices or rates or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Company believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty where appropriate. Model inputs and values are calibrated against historical data, where possible, against current or recent observed transactions in different instruments. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management uses judgement to select the most appropriate point in the range.

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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.

**Valuation framework:**

The Company has an established 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 period.

When third party information, such as valuation agency report is used to measure fair value, the Company assesses the documents and evidence used to support the conclusion that the valuations meet the requirements of Ind AS. This includes:

1) understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
2) when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
3) if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

Significant valuation issues are reported to the Audit Committee.

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

(₹ in lakh)

| As at March 31, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial Assets: | | | | |
| Equity Shares | 239 | - | 2,56,546 | 2,56,785 |
| Mutual fund units | - | 1,00,550 | - | 1,00,550 |
| Investments in Category III Alternative Investment Fund | - | - | 2,977 | 2,977 |
| Investment in Perpetual Debt | - | - | - | - |
| **Total** | **239** | **1,00,550** | **2,59,523** | **3,60,312** |

(₹ in lakh)

| As at March 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial Assets: | | | | |
| Equity Shares | 266 | - | - | 266 |
| Mutual fund units | - | 47,815 | - | 47,815 |
| Investments in Category III Alternative Investment Fund | - | - | 2,806 | 2,806 |
| Investment in Perpetual Debt | - | 13,560 | - | 13,560 |
| **Total** | **266** | **61,375** | **2,806** | **64,446** |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**Reconciliation of Level 3 fair value measurement**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Opening Balance** | **2,806** | **2,411** |
| Purchase / (Sale) of : | **9,720** | - |
| Total gains or losses: | | |
| in profit or loss | **778** | 395 |
| **Closing Balance** | **13,304** | **2,806** |

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

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Total gains or losses:** | | |
| **- Recognised in profit or loss** | | |
| Net Gains / (Losses) on Fair Value Changes | | |
| Fair Value Changes : | | |
| - Realised | - | - |
| - Unrealised | **778** | 395 |
| **- Recognised in OCI** | **2,32,651** | **-** |
| **Total Net gain on fair value changes** | **2,33,429** | **395** |

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

(₹ in lakh)

| Measured at Level 3 | March 31, 2023 | | March 31, 2022 | | Fair Value level |
|---|---|---|---|---|---|
| | Carrying Value | Fair value | Carrying Value | Fair value | |
| **Financial Liabilities at amortised cost:** | | | | | |
| Debt Securities | **3,32,351** | **5,36,031** | 2,98,046 | 2,99,017 | Level 3 |
| Subordinated liabilities | **1,07,013** | **1,13,895** | 1,10,983 | 1,10,833 | Level 3 |
| **Total** | **4,39,364** | **6,49,926** | **4,09,029** | **4,09,850** | |

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

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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

(₹ in lakh)

| 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 |
|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | | | | |
| Equity Shares | **2,56,785** | 266 | Level 1 | Published Market Price | N.A. | N.A. |
| Mutual fund units | **1,00,550** | 47,815 | Level 2 | Net Asset Value | Net Asset Value | Higher the Net Asset Value higher the fair value of unquoted units |
| Investments in Category III Alternative Investment Fund | **2,977** | 2,806 | Level 3 | Net Asset Value | Net Asset Value | Higher the Net Asset Value higher the fair value of unquoted units |
| Investments in Equity shares | **2,56,546** | - | Level 3 | valuation report | valuation report | Higher the value of fair valuation report, higher the fair value |
| Investment in Perpetual Debt | **-** | 13,560 | Level 2 | Gsec yields as increased by risk based spreads (Published by FIMMDA) | Gsec yields as increased by risk based spreads | Lower the risk adjusted Gsec yield higher the fair value of debt |
| **Financial Assets at FVTPL/FVTOCI** | **6,16,858** | **64,446** | | | | |

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

**Sensitivity disclosure for level 3 fair value measurements:**

(₹ in lakh)

| Particulars | Unobservable Input | Sensitivity | Impact of change in rates on Total Comprehensive Income | | | |
|---|---|---|---|---|---|---|
| | | | As at March 31, 2023 | | As at March 31, 2022 | |
| | | | Favourable | Unfavourable | Favourable | Unfavourable |
| Investments in Category III Alternative Investment Fund | Net Asset Value (NAV) | 1% | **10** | **(10)** | 8 | (8) |

**NOTE "39"**

**FINANCIAL RISK REVIEW**

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

1 Credit Risk
2 Liquidity Risk
3 Market Risk
4 Operational Risk
5 Capital management Risk

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

The Company's Board of Directors have the overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors have constituted following committees and defined their role for monitoring the risk management policies of the Company.

Risk Management Committee: 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)

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

Reputation Risk (vi) Information Security & Cyber Security Risk.

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

Tata Capital Limited is a Core Investment Company (CIC-ND-SI) and only has investments in and loans to group companies. Though there is an uncertainty in the environment, given the nature of its business, it is expected that the impact of the pandemic on the company and its operations will be minimal.

**1 Credit Risk**

Tata Capital Limited and all of its subsidiaries have been rated CRISIL AAA/stable. 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 computed ECL on loans and trade receivables using the Simplified Method. This approach uses historical credit loss experience, for each revenue stream, of the Company to estimate Lifetime Expected Credit Loss and compute a provision matrix. The data shows that we have not suffered any losses from trade receivables in past.

For 2023, historical data of trade receivable is averaged for 5 years i.e. from 2022 till 2018. Based on reasonable and supportable information that is available without undue cost or effort, for 2022 similar data is averaged for 5 years which is from 2021 till 2017.

However, as per CIC master circular DNBR. PD. 003/03.10.119/2016-17, Company carries impairment allowance provisions at 0.4% on loans and advances.

**(i) Breakup of ECL**

**As at March 31, 2023** (₹ in lakh)

| Particulars | Amount outstanding | ECL | % of ECL |
|---|---|---|---|
| Loans | 44,376 | 178 | 0.4% |
| Trade and Other Receivables | 794 | 3 | 0.4% |
| **Total** | **45,170** | **181** | |

**As at March 31, 2022**

| Particulars | Amount outstanding | ECL | % of ECL |
|---|---|---|---|
| Loans | 98,001 | 392 | 0.4% |
| Investment in Perpetual Debt Instruments | 13,560 | 54 | 0.4% |
| Trade and Other Receivables | 1,294 | 5 | 0.4% |
| **Total** | **1,12,855** | **451** | |

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.

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**(ii) Movement in loss allowance** (₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening balance | 451 | 574 |
| Addition during the year | (271) | (122) |
| Reversed during the year | - | - |
| **Closing balance** | **180** | **451** |

**2 Liquidity Risk**

'Liquidity risk' is the risk that the Company will encounter difficulty in meeting its day to day financial obligations.

Tata Capital Limited is registered with RBI as a CIC. The Company is an investment holding company and consequently holds assets in the form of investments in equity shares, preference shares, bonds, debentures, debt or loans to group companies.

**Management of liquidity risk**

(i) Company's Board of Directors sets the strategy for managing liquidity risk commensurate with the business objectives.

(ii) The Board has delegated the responsibility of managing overall liquidity risk and interest rate risk management to a committee of the Board of Directors, in form of Finance & Asset Liability Supervisory Committee (ALCO).

(iii) Treasury department manages the liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Company.

(iv) The Company's approach to managing liquidity is to ensure sufficient liquidity to meet its liabilities when they are due without incurring unacceptable losses or risking damage to the Company's reputation.

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

(i) Maintaining a diversified funding resources base such as debentures, commercial papers and preference shares.

(ii) The loans given to group companies are repayable by the companies on demand. Thus, TCL can call back a loan from the group companies as and when its liabilities fall due. The group companies rely on unused bank lines as the main liquidity back up to meet the contingency funding plan. Additionally, they also maintain a portfolio of highly liquid mutual fund units.

(iii) Under the ALM guidelines, the dynamic liquidity statement is being prepared on a quarterly basis and structural liquidity and interest rate sensitivity statements are being prepared on monthly basis to monitor the maturity gaps in the Assets and Liabilities cash flows. Market Risk monitors the behavioural characteristics of the Company's financial assets and financial liabilities while preparing the structural liquidity statement.

The maturity analysis of financial liabilities and financial assets has been disclosed in note 39 A to the financial statements.

**3 Market Risk**

'Market risk' is the risk that changes in market prices - e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the solvency while optimising the return on risk.

Exposure to Market Risk : Interest rate risk

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

The core business of the Company is borrowing and investment in equity shares, preference shares, bonds, debentures, debt or loans to group companies as permitted by the Core Investment Companies (Reserve Bank) Directions, 2016. These activities expose us to interest rate risk.

Company carries out interest rate sensitivity analysis to assess the impact of interest rate movement on earnings, the floating rate assets and liabilities based on exposure as on end of reporting period are considered as an outstanding for whole year. The fixed rate assets and liabilities which are falling due on residual basis within one year have been considered as floating rate assets and liabilities respectively 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.

On asset side, the company has loans (Inter corporate deposits) given at floating rate of interest, investment in Perpetual Debentures at fixed rate of interest.

On liabilities side, the company has borrowings in the form of Commercial Papers and Non-Convertible Debentures and Subordinate Liabilities issued at fixed rate of interests.

Below table illustrates impact on earnings on account of 100 bps change in interest rate on the floating rate loans & borrowings due for repayment / rate reset in next one year.

**As at March 2023** (₹ in lakh)

| Particulars | Less than 1 Year | @ 100bps change increase | @ 100bps change decrease |
|---|---|---|---|
| Rate sensitive assets | 1,44,748 | 1,387 | (1,387) |
| Rate sensitive liabilities | 2,95,041 | (1,694) | 1,694 |
| Net Gap (Asset - liability) | (1,50,292) | (306) | 306 |

**As at March 2022** (₹ in lakh)

| Particulars | Less than 1 Year | @ 100bps change increase | @ 100bps change decrease |
|---|---|---|---|
| Rate sensitive assets | 97,510 | 910 | (910) |
| Rate sensitive liabilities | 1,06,387 | (597) | 597 |
| Net Gap (Asset - liability) | (8,877) | 313 | (313) |

**4 Operational Risk**

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

The Company has a Board approved Operational Risk Management framework. Ongoing monitoring of Key Risk Indicators ("KRI") is done and corrective actions are implemented on KRI exceptions. Suitable risk mitigation actions are taken wherever required to curtail the potential risk at the acceptable levels. An oversight committee of Senior Management representatives viz. the Operational Risk Management Committee, meets periodically to review the operational risk profile of the Company and oversee the implementation of the risk management framework and policies.

Risks associated with frauds are mitigated through a Fraud Risk Management framework. A Fraud Risk Management Committee comprising representatives of the Senior Management, reviews matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

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

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

## 5 Capital Management Risk

The Reserve Bank of India (RBI) sets and monitors capital adequacy requirements for the Company from time to time. The Core Investment Companies (Reserve Bank) Directions, 2016, stipulate that the Adjusted Net Worth of a CIC-ND-SI shall at no point in time be less than 30% its risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items as on date of the last audited balance sheet as at the end of the financial year.

The Core Investment Companies (Reserve Bank) Directions, 2016, further stipulate that the outside liabilities of a CIC-ND-SI shall at no point of time exceed 2.5 times its Adjusted Net Worth as on date of the last audited balance sheet as at the end of the financial year.

The Company's policy is to maintain a strong capital base to maintain investor, creditor and shareholder confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' returns is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a stronger capital position.

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

The Company has complied with minimum stipulated capital requirement which has been disclosed in note 41 in the financial statements.

## A. Liquidity risk

Maturity analysis for financial liabilities and financial assets

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

(₹ in lakh)

| As at March 31, 2023 | Carrying amount | Gross nominal inflow/ (outflow) | 1 to 7 days | 8 to 14 days | 15 days to 30/31 days (One month) | Over 1 month to 2 months | Over 2 month to 3 months | Over 3 month to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Liability** | | | | | | | | | | | | |
| Trade payables | 2,940 | 2,940 | - | - | - | - | - | 2,940 | - | - | - | - |
| Debt securities issued | 3,32,351 | 3,32,351 | - | - | 61,145 | 39,098 | 24,675 | 30,000 | 86,923 | 90,510 | - | - |
| Subordinated liabilities | 1,07,013 | 1,07,013 | - | - | - | - | 4,000 | 4,000 | 45,200 | 53,813 | - | - |
| Lease liability | 840 | 840 | - | - | - | - | - | 840 | - | - | - | - |
| Other financial liabilities | 9,415 | 9,415 | 2 | - | - | - | - | 4,867 | - | 4,546 | - | - |
| **Total** | **4,52,559** | **4,52,559** | **2** | **-** | **61,145** | **39,098** | **28,675** | **42,647** | **1,32,123** | **1,48,869** | **-** | **-** |
| Market Borrowings | | 4,39,364 | - | - | 61,145 | 39,098 | 28,675 | 34,000 | 1,32,123 | 1,44,323 | - | - |
| Bank borrowings | | - | - | - | - | - | - | - | - | - | - | - |
| **Total Borrowings** | | **4,39,364** | **-** | **-** | **61,145** | **39,098** | **28,675** | **34,000** | **1,32,123** | **1,44,323** | **-** | **-** |
| **Financial Asset** | | | | | | | | | | | | |
| Cash and cash equivalents | 212 | 212 | 212 | - | - | - | - | - | - | - | - | - |
| Other balances with banks | 2 | 2 | 2 | - | - | - | - | - | - | - | - | - |
| Receivables | 789 | 789 | - | - | - | - | - | - | 789 | - | - | - |
| Loans | 44,198 | 44,198 | - | 22,099 | 22,099 | - | - | - | - | - | - | - |
| Investments | 14,59,849 | 14,59,849 | 1,00,550 | - | - | - | - | - | - | - | - | 13,59,299 |
| Other Financial Assets | 575 | 575 | - | - | - | - | - | - | - | 575 | - | - |
| **Total** | **15,05,625** | **15,05,625** | **1,00,764** | **22,099** | **22,099** | **-** | **-** | **-** | **789** | **575** | **-** | **13,59,299** |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(₹ in lakh)

| As at March 31, 2022 | Carrying amount | Gross nominal inflow/ (outflow) | 1 to 7 days | 8 to 14 days | 15 days to 30/31 days (One month) | Over 1 month to 2 months | Over 2 month to 3 months | Over 3 month to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Liability** | | | | | | | | | | | | |
| Trade payables | 2,306 | 2,306 | - | - | - | - | - | - | 2,306 | - | - | - |
| Debt securities issued | 2,98,046 | 2,98,046 | - | - | 2,766 | - | 40,798 | 2,295 | 49,103 | 1,82,595 | 20,489 | - |
| Subordinated liabilities | 1,10,983 | 1,10,983 | - | - | - | - | - | 11,332 | - | 99,651 | - | - |
| Lease liability | 36 | 36 | - | - | 2 | 2 | 3 | 8 | 15 | 6 | - | - |
| Other financial liabilities | 10,963 | 10,963 | 13 | - | - | - | - | 5,933 | 5,017 | - | - | - |
| **Total** | **4,22,334** | **4,22,334** | **13** | **-** | **2,768** | **2** | **40,801** | **19,568** | **56,441** | **2,82,252** | **20,489** | **-** |
| Market Borrowings | | 4,09,029 | - | - | 2,766 | - | 40,798 | 13,627 | 49,103 | 2,82,245 | 20,489 | - |
| Bank borrowings | | - | - | - | - | - | - | - | - | - | - | - |
| **Total Borrowings** | **-** | **4,09,029** | **-** | **-** | **2,766** | **-** | **40,798** | **13,627** | **49,103** | **2,82,245** | **20,489** | **-** |
| **Financial Asset** | | | | | | | | | | | | |
| Cash and cash equivalents | 195 | 195 | 195 | - | - | - | - | - | - | - | - | - |
| Other balances with banks | 13 | 13 | 13 | - | - | - | - | - | - | - | - | - |
| Receivables | 1,289 | 1,289 | - | - | - | - | - | - | 1,289 | - | - | - |
| Loans | 97,510 | 97,510 | 77,988 | - | - | - | - | - | 19,522 | - | - | - |
| Investments | 10,13,997 | 10,13,997 | - | - | - | - | - | - | - | - | - | 10,13,997 |
| Other Financial Assets | 774 | 774 | - | - | - | - | - | - | 715 | 7 | - | 52 |
| **Total** | **11,13,778** | **11,13,778** | **78,196** | **-** | **-** | **-** | **-** | **-** | **21,526** | **7** | **-** | **10,14,049** |

### B. Liquidity risk

Maturity analysis of financial assets and financial liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in lakh)

| | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **ASSETS** | | | | | | |
| Cash and cash equivalents | 212 | - | 212 | 195 | - | 195 |
| Other balances with banks | 2 | - | 2 | 13 | - | 13 |
| Trade receivables | 789 | - | 789 | 1,289 | - | 1,289 |
| Loans | 44,198 | - | 44,198 | 97,510 | - | 97,510 |
| Investments | 1,00,551 | 13,59,299 | 14,59,850 | - | 10,13,997 | 10,13,997 |
| Other financial assets | - | 575 | 575 | 715 | 59 | 774 |
| **Financial Assets** | **1,45,752** | **13,59,874** | **15,05,626** | **99,722** | **10,14,056** | **11,13,778** |
| Current tax asset | - | 157 | 157 | - | 2,222 | 2,222 |
| Deferred tax Assets (Net) | - | - | - | - | - | - |
| Investment property | - | 4,622 | 4,622 | - | 4,935 | 4,935 |
| Property, Plant and Equipment | - | 3,361 | 3,361 | - | 3,504 | 3,504 |
| Other Intangible assets | - | 1 | 1 | - | 2 | 2 |
| Right of use assets | - | 853 | 853 | - | 37 | 37 |
| Other non-financial assets | - | 1,635 | 1,635 | 699 | 1,074 | 1,773 |
| **Non-financial Assets** | **-** | **10,629** | **10,629** | **699** | **11,774** | **12,473** |
| **Total Assets** | **1,45,752** | **13,70,503** | **15,16,255** | **1,00,421** | **10,25,830** | **11,26,251** |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **LIABILITIES** | | | | | | |
| Trade Payables | | | | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | - | - | - | 9 | - | 9 |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 2,940 | - | 2,940 | 2,297 | - | 2,297 |
| Debt securities | 2,41,841 | 90,510 | 3,32,351 | 94,963 | 2,03,083 | 2,98,046 |
| Subordinated liabilities | 53,200 | 53,813 | 1,07,013 | 11,332 | 99,651 | 1,10,983 |
| Lease liability | 840 | - | 840 | 30 | 6 | 36 |
| Other financial liabilities | 4,869 | 4,546 | 9,415 | 10,963 | - | 10,963 |
| **Financial Liabilities** | **3,03,690** | **1,48,869** | **4,52,559** | **1,19,594** | **3,02,740** | **4,22,334** |
| Provisions | - | 378 | 378 | 27 | 409 | 436 |
| Deferred tax liabilities (Net) | - | 49,074 | 49,074 | - | 80 | 80 |
| Other non financial liabilities | 1,592 | 1,599 | 3,191 | 1,603 | - | 1,603 |
| **Non-Financial Liabilities** | **1,592** | **51,051** | **52,643** | **1,630** | **489** | **2,118** |
| **Total liabilities** | **3,05,282** | **1,99,920** | **5,05,202** | **1,21,224** | **3,03,229** | **4,24,452** |

**NOTE "40"**

**ASSET LIABILITY MANAGEMENT**

**Maturity pattern of Financial assets and Financial liabilities (Based on RBI Guidelines):**
The following table sets out remaining contractual maturities of company's financial assets & financial liabilities
**As at March 31, 2023**

(₹ in lakh)

| Particulars | Financial Liabilities | | | Financial Assets | | |
|---|---|---|---|---|---|---|
| | Borrowings from Banks | Market Borrowings | Other Financial Liabilities | Advances | Investments | Other Financial Assets |
| 1 to 7 days | - | - | 2 | - | 1,00,550 | - |
| 8 to 14 days | - | - | - | 22,099 | - | - |
| 15 days to 30/31 days (One month) | - | 61,145 | - | 22,099 | - | - |
| Over 1 month to 2 months | - | 39,098 | - | - | - | - |
| Over 2 months to 3 months | - | 28,675 | - | - | - | - |
| Over 3 months to 6 months | - | 34,000 | 4,867 | - | - | - |
| Over 6 months to 1 year | - | 1,32,123 | - | - | - | - |
| Over 1 year to 3 years | - | 1,44,323 | 4,546 | - | - | 575 |
| Over 3 years to 5 years | - | - | - | - | - | - |
| Over 5 years | - | - | - | - | 13,59,299 | - |
| **Total** | **-** | **4,39,364** | **9,415** | **44,198** | **14,59,849** | **575** |

Note : Advances of ₹ 44,376 lakhs represents Inter corporate deposits (including interest accrued) given to subsidiaries which are callable on demand to meet maturities of borrowings.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**As at March 31, 2022**

(₹ in lakh)

| Particulars | Financial Liabilities | | | Financial Assets | | |
|---|---|---|---|---|---|---|
| | Borrowings from Banks | Market Borrowings | Other Financial Liabilities | Advances | Investments | Other Financial Assets |
| 1 to 7 days | - | - | 13 | 77,988 | - | 208 |
| 8 to 14 days | - | - | - | - | - | - |
| 15 days to 30/31 days (One month) | - | 2,766 | 2 | - | - | - |
| Over 1 month to 2 months | - | - | 2 | - | - | - |
| Over 2 months to 3 months | - | 40,798 | 3 | - | - | - |
| Over 3 months to 6 months | - | 13,627 | 5,941 | - | - | - |
| Over 6 months to 1 year | - | 49,103 | 7,337 | 19,522 | - | 2,004 |
| Over 1 year to 3 years | - | 2,82,245 | 6 | - | - | 7 |
| Over 3 years to 5 years | - | 20,489 | - | - | - | - |
| Over 5 years | - | - | - | - | 10,13,997 | 52 |
| **Total** | **-** | **4,09,029** | **13,305** | **97,510** | **10,13,997** | **2,270** |

Note :Advances of ₹ 77,988 lakhs represents Inter corporate deposits (including interest accrued) given to subsidiaries which are callable on demand to meet maturities of borrowings.

**NOTE "41"**

**CORE INVESTMENT COMPANY ("CIC") COMPLIANCE RATIOS :**

| Sr. No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| (a) | Investments & loans to group companies as a proportion of Net Assets (%) | 97% | 96% |
| (b) | Investments in equity shares and compulsorily convertible instruments of group companies as a proportion of Net Assets (%) | 94% | 86% |
| (c) | Capital Adequacy Ratio (%) [Adjusted Net worth / Risk Weighted Assets] | 64% | 61% |
| (d) | Leverage Ratio (Times) [Outside liabilities / Adjusted Networth] | 0.62 | 0.63 |

As per RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 and DOR (NBFC).CC.PD.No.116/22.10.106/2020-21 dated July 24, 2020, unrealised gains arising out of fair valuation of financial instruments (net of tax), are ignored for calculation of "owned funds" ; consequently, the net unrealised gains are also excluded from Risk Weighted Assets (RWA).

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "42"**

**DISCLOSURE OF DETAILS AS REQUIRED BY RBI/2022-23/26 DOR.ACC.REC.NO.20/21.04.018/2022-23 - DISCLOSURES IN FINANCIAL STATEMENTS- NOTES TO ACCOUNTS OF NBFCS DATED APRIL 19, 2022**

**A) EXPOSURE TO REAL ESTATE SECTOR**

(₹ in lakh)

| Sr. No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| i) | **Direct Exposure** | | |
| | **Residential Mortgages -** | NIL | NIL |
| | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented: | | |
| | - Individual housing loans up to ₹ 15 lakh | NIL | NIL |
| | - Individual housing loans above ₹ 15 lakh | NIL | NIL |
| | **Commercial Real Estate -** | NIL | NIL |
| | Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc). Exposure includes non-fund based (NFB) limits. | | |
| | Investments in Mortgage Backed Securities (MBS) and other securitised exposures - | | |
| | 1. Residential | NIL | NIL |
| | 2. Commercial Real Estate | NIL | NIL |
| ii) | **Indirect Exposure** | | |
| | Fund based exposure on Housing Finance Companies (Refer footnote 1) | 3,34,976 | 2,40,600 |
| | Non-fund based exposure on National Housing Bank (Refer footnote 2) | 12,954 | 18,156 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### B) EXPOSURE TO CAPITAL MARKET

(₹ in lakh)

| | Particulars | 2022-23 | 2021-22 |
|---|---|---|---|
| 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 | 14,29,568 | 9,72,342 |
| ii) | Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds | - | - |
| iii) | Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security | - | - |
| iv) | Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances | - | - |
| v) | Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers | - | - |
| vi) | Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources | - | - |
| vii) | Bridge loans to companies against expected equity flows / issues | - | - |
| viii) | Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds | - | - |
| ix) | Financing to stockbrokers for margin trading | - | - |
| **x)** | **All exposures to Alternative Investment Funds:** | **2,977** | **2,806** |
| | (i) Category I | - | - |
| | (ii) Category II | - | - |
| | (iii) Category III | 2,977 | 2,806 |
| | **Total exposure to capital market** | **14,32,545** | **9,75,148** |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

## C) SECTORAL EXPOSURE

(₹ in lakh)

| Sectors | 2022-23 | | | 2021-22 | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Total Exposure (includes on balance sheet and off-balance sheet exposure)** | **Gross NPAs** | **% of Gross NPAs to total exposure in that sector** | **Total Exposure (includes on balance sheet and off-balance sheet exposure)** | **Gross NPAs** | **% of Gross NPAs to total exposure in that sector** |
| **1. Agriculture and Allied Activities** | | | | | | |
| **2. Industry** | | | | | | |
| 2.1. Micro and Small | - | - | 0.00% | - | - | 0.00% |
| 2.2. Medium | - | - | 0.00% | - | - | 0.00% |
| 2.3. Large | - | - | 0.00% | - | - | 0.00% |
| **Total of Industry (2)** | **-** | **-** | **0.00%** | **-** | **-** | **0.00%** |
| **3. Services** | | | | | | |
| 3.1.Transport Operators | - | - | 0.00% | - | - | 0.00% |
| 3.2.Computer Software | - | - | 0.00% | - | - | 0.00% |
| 3.3. Tourism, Hotels and Restaurants | - | - | 0.00% | - | - | 0.00% |
| 3.4. Shipping | - | - | 0.00% | - | - | 0.00% |
| 3.5. Aviation | - | - | 0.00% | - | - | 0.00% |
| 3.6. Professional Services | - | - | 0.00% | - | - | 0.00% |
| 3.7. Trade | - | - | 0.00% | - | - | 0.00% |
| 3.7.1. Wholesale Trade (other than food procurement) | - | - | 0.00% | - | - | 0.00% |
| 3.7.2. Retail Trade | - | - | 0.00% | - | - | 0.00% |
| 3.8. Commercial Real Estate | - | - | 0.00% | - | - | 0.00% |
| 3.9. Non-Banking Financial Companies (NBFCs) of which, | 400 | - | 0.00% | 92,294 | - | 0.00% |
| 3.9.1.Housing Finance Companies (HFCs) | 57,491 | - | 0.00% | 18,410 | - | 0.00% |
| 3.9.2.Public Financial Institutions (PFIs) | - | - | 0.00% | - | - | 0.00% |
| 3.10. Other Services | 252 | - | 0.00% | 20,307 | - | 0.00% |
| **Total of Services (3)** | **58,143** | **-** | **0.00%** | **1,31,011** | **-** | **0.00%** |
| **4. Personal Loans** | | | | | | |
| 4.1. Consumer Durables | - | - | 0.00% | - | - | 0.00% |
| 4.2. Housing (Including Priority Sector Housing) | - | - | 0.00% | - | - | 0.00% |
| 4.3. Advances against Fixed Deposits (Including FCNR (B), NRNR Deposits etc.) | - | - | 0.00% | - | - | 0.00% |
| 4.4. Advances to Individuals against share, bonds, etc. | - | - | 0.00% | - | - | 0.00% |
| 4.5. Credit Card Outstanding | - | - | 0.00% | - | - | 0.00% |
| 4.6. Education | - | - | 0.00% | - | - | 0.00% |
| 4.7. Vehicle Loans | - | - | 0.00% | - | - | 0.00% |
| 4.8. Loans against gold jewellery | - | - | 0.00% | - | - | 0.00% |
| 4.9. Other Personal Loans | - | - | 0.00% | - | - | 0.00% |
| 4.10.Others | - | - | 0.00% | - | - | 0.00% |
| **Total of Personal Loans (4)** | **-** | **-** | **0.00%** | **-** | **-** | **0.00%** |
| **5. Others, if any (please specify)** | **-** | **-** | **0.00%** | **-** | **-** | **0.00%** |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**D) INTRA GROUP EXPOSURES**

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| i) Total amount of intra-group exposures | 58,017 | 1,30,835 |
| ii) Total amount of top 20 intra-group exposures | 58,017 | 1,30,835 |
| iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers | 99.78% | 99.87% |

**E)** There were no unhedged foreign currency transactions during current year.

**Footnotes**

1 Represents investments in Equity and Inter Corporate Deposits (including accrued interest) of Tata Capital Housing Finance Limited.

2 Guarantees issued to National Housing Bank on behalf of Tata Capital Housing Finance Limited ₹ 1,20,000 lakh (As at March 31, 2022 : ₹ 1,20,000 lakh) against which the amount liable by Tata Capital Housing Finance Limited is ₹ 12,954 lakh as at March 31, 2023 (As at March 31, 2022 ₹ 18,156 lakh). Pursuant to the terms of the Guarantee, the Company's liability on invocation is capped at the outstanding amount.

**F) Related Party Disclosure**

**2022-23**

(₹ in lakh)

| Nature of transaction | Holding Company & Subsidiary of Ultimate Holding Company | Subsidiary | Associate | KMP | Relative of KMP | Total |
|---|---|---|---|---|---|---|
| Borrowings | - | - | - | - | - | **-** |
| Deposits | - | - | - | - | - | **-** |
| Placement of deposits | - | - | - | - | - | **-** |
| Advances | - | 44,376 | - | - | - | **44,376** |
| *Maximum Advances during the year* | - | *2,27,266* | - | - | - | ***2,27,266*** |
| Investments | - | 10,96,593 | 2,56,939 | - | - | **13,53,533** |
| *Maximum Investments during the year* | - | *10,96,594* | *2,56,939* | - | - | ***13,53,533*** |
| Purchase of fixed/other assets | - | - | - | - | - | **-** |
| Sale of fixed/other assets | - | - | - | - | - | **-** |
| Interest Paid | - | - | - | - | - | **-** |
| Interest Received | - | - | - | - | - | **-** |
| Others | - | - | - | - | - | **-** |
| Equity shares held | 3,36,868 | - | - | 35 | - | **3,36,903** |
| Investment in Equity shares during period | - | 1,66,500 | - | - | - | **1,66,500** |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**2021-22**

(₹ in lakh)

| Nature of transaction | Holding Company & Subsidiary of Ultimate Holding Company | Subsidiary | Associate | KMP | Relative of KMP | Total |
|---|---|---|---|---|---|---|
| Borrowings | - | - | - | - | - | - |
| Deposits | - | - | - | - | - | - |
| Placement of deposits | - | - | - | - | - | - |
| Advances | - | 78,721 | - | - | - | **78,721** |
| *Maximum Advances during the year* | - | *2,09,728* | - | - | - | ***2,09,728*** |
| Investments | - | 9,40,932 | 29,248 | - | - | **9,70,180** |
| *Maximum Investments during the year* | - | *9,40,932* | *29,248* | - | - | ***9,70,180*** |
| Purchase of fixed/other assets | - | - | - | - | - | **-** |
| Sale of fixed/other assets | - | 1 | - | - | - | **1** |
| Interest Paid | - | - | - | - | - | **-** |
| Interest Received | - | - | - | - | - | **-** |
| Others | - | - | - | - | - | **-** |
| Equity shares held | 3,32,458 | - | - | 35 | - | **3,32,493** |
| Investment in Equity shares during period | - | 54,957 | 2,655 | - | - | **57,612** |

**G) Disclosure of complaints**

**1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman**

| Sr. No | Particulars | 2022-23 | 2021-22 |
|---|---|---|---|
| | **Complaints received by the NBFC from its customers** | | |
| 1 | Number of complaints pending at beginning of the year | - | - |
| 2 | Number of complaints received during the year | - | - |
| 3 | Number of complaints disposed during the year | - | - |
| 3.1 | Of which, number of complaints rejected by the NBFC | - | - |
| 4 | Number of complaints pending at the end of the year | - | - |
| | **Maintainable complaints received by the NBFC from Office of Ombudsman** | | |
| 5 | Number of maintainable complaints received by the NBFC from Office of Ombudsman | | |
| 5.1 | Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman | - | - |
| 5.2 | Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman | - | - |
| 5.3 | Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC | - | - |
| 6 | Number of Awards unimplemented within the stipulated time (other than those appealed) | - | - |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**2) Top five grounds of complaints received by the NBFCs from customers**

| Grounds of complaints, (i.e. complaints relating to) | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase/ decrease in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| **2022-23** | | | | | |
| Credit Cards | - | - | - | - | - |
| Difficulty in operation of accounts | - | - | - | - | - |
| Mis-selling | - | - | - | - | - |
| Recovery Agents/ Direct Sales Agents | - | - | - | - | - |
| Loans and advances | - | - | - | - | - |
| Others | - | - | - | - | - |
| **Total** | - | - | - | - | - |
| **2021-22** | | | | | |
| Credit Cards | - | - | - | - | - |
| Difficulty in operation of accounts | - | - | - | - | - |
| Mis-selling | - | - | - | - | - |
| Recovery Agents/ Direct Sales Agents | - | - | - | - | - |
| Loans and advances | - | - | - | - | - |
| Others | - | - | - | - | - |
| **Total** | - | - | - | - | - |

**H)** There is no breach of covenant of loan availed or debt securities issued.

**I) Divergence in Asset Classification and Provisioning**

| Sr. | Particulars | Amount |
|---|---|---|
| 1 | Gross NPAs as on March 31, 2023 as reported by the NBFC | - |
| 2 | Gross NPAs as on March 31, 2023 as assessed by the Reserve Bank of India | - |
| **3** | **Divergence in Gross NPAs (2-1)** | - |
| 4 | Net NPAs as on March 31, 2023 as reported by the NBFC | - |
| 5 | Net NPAs as on March 31, 2023 as assessed by Reserve Bank of India | - |
| **6** | **Divergence in Net NPAs (5-4)** | - |
| 7 | Provisions for NPAs as on March 31, 2023 as reported by the NBFC | - |
| 8 | Provisions for NPAs as on March 31, 2023 as assessed by Reserve Bank of India | - |
| **9** | **Divergence in provisioning (8-7)** | - |
| 10 | Reported Profit before tax and impairment loss on financial instruments for the year ended March 31, 2023 | - |
| 11 | Reported Net Profit after Tax (PAT) for the year ended March 31, 2023 | - |
| **12** | **Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2023 after considering the divergence in provisioning** | - |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

## 43 DISCLOSURE OF DETAILS AS REQUIRED BY RBI/DOR(NBFC)/2016-17/39 I.E. MASTER DIRECTION - CORE INVESTMENT COMPANIES (RESERVE BANK) DIRECTIONS, 2016 DATED AUGUST 25, 2016 (UPDATED AS ON OCTOBER 5, 2021)

**Liabilities Side:**

(₹ in lakh)

| Particulars | Amount Outstanding as at | | Amount Overdue as at | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **1) Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid** | | | | |
| a) Debentures: (other than those falling within the meaning of Public deposits) | | | | |
| (i) Secured | - | - | - | - |
| (ii) Unsecured (Refer footnote 1) | 2,09,155 | 2,93,289 | - | - |
| b) Deferred Credits | - | - | - | - |
| c) Term Loans | - | - | - | - |
| d) Inter-corporate loans and borrowing | - | - | - | - |
| e) Commercial Paper (Refer footnote 2) | 1,23,196 | 4,757 | - | - |
| f) Other loans ( Bank Overdraft) | - | - | - | - |
| g) Other loans ( Subordinated Liabilities) | 1,07,013 | 1,10,983 | | |

**Footnotes :**

1 Outstanding amount of Unsecured Debentures is net off deferred revenue expenditure to the extent not written off and TDS on interest accrued but not paid.

2 Outstanding amount of Commercial Paper is net off deferred revenue expenditure to the extent not written off.

**Assets Side:**

(₹ in lakh)

| Particulars | Amount Outstanding | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **2) Break up of Loans and Advances including bills receivables (other than those included in (4) below)** | | |
| a) Secured | - | 19,834 |
| b) Unsecured | 46,532 | 80,600 |
| **3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities** | | |
| i) Lease assets including lease rentals under sundry debtors: | | |
| (a) Financial Lease | - | - |
| (b) Operating Lease | - | - |
| ii) Stock on hire including hire charges under sundry debtors | | |
| (a) Assets on hire | - | - |
| (b) Repossessed assets | - | - |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

| Particulars | Amount Outstanding | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| iii) Other loans counting towards Asset Financing Company activities | | |
| (a) Loans where assets have been repossessed | - | - |
| (b) Loans other than (a) above | - | - |
| **4) Break up of Investments** | | |
| **Current Investments:** | | |
| **1 Quoted:** | | |
| (i) Shares | | |
| (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others | - | - |
| **2 Unquoted:** | | |
| (i) Shares | | |
| (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others | - | - |
| **Long Term Investments:** | | |
| **1 Quoted:** | | |
| (i) Shares | | |
| (a) Equity | 239 | 266 |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others | - | - |
| **2 Unquoted:** | | |
| (i) Shares | | |
| (a) Equity (Refer Footnote 1) | 13,28,779 | 9,24,261 |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | 13,560 |
| (iii) Units of Mutual Funds | 1,00,550 | 47,815 |
| (iv) Government Securities | - | - |
| (v) Others (Refer Footnote 1 & 2) | 30,281 | 28,096 |

**Footnotes :**

1 Investments in equity shares as at March 31, 2023 are net of impairment provision of Nil (as at March 31, 2022 is NIL) and Investments in others as at March 31, 2023 are net of impairment provision of ₹ 7,776 lakh (as at March 31, 2022 ₹ 7,069 lakh)

2 Others include investment in Venture capital units and investments in units of category III AIFs

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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

(₹ in lakh)

**For 2022-23**

| Category | Amount net of provisions | | |
|---|---|---|---|
| | Secured | Unsecured | Total |
| 1. Related Parties | | | |
| (a) Subsidiaries | - | 44,871 | 44,871 |
| (b) Companies in the same group | - | 4 | 4 |
| (c) Other related parties | - | 36 | 36 |
| (d) Other than related parties | - | 1,621 | 1,621 |
| **Total** | **-** | **46,532** | **46,532** |

**For 2021-22**

| Category | Amount net of provisions | | |
|---|---|---|---|
| | Secured | Unsecured | Total |
| 1. Related Parties | | | |
| (a) Subsidiaries | - | 79,464 | 79,464 |
| (b) Companies in the same group | 19,834 | 12 | 19,846 |
| (c) Other related parties | - | 69 | 69 |
| (d) Other than related parties | - | 1,055 | 1,055 |
| **Total** | **19,834** | **80,600** | **100,434** |

**6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)**

(₹ in lakh)

| Category | As at March 2023 | | As at March 2022 | |
|---|---|---|---|---|
| | Market Value / Breakup Value or Fair Value or NAV | Book Value (Net of Provisions) | Market Value / Breakup Value or Fair Value or NAV | Book Value (Net of Provisions) |
| 1. Related Parties | | | | |
| (a) Subsidiaries | 17,63,622 | 10,88,818 | 13,89,976 | 9,33,863 |
| (b) Companies in the same group | - | - | - | - |
| (c) Other related parties | 1,03,462 | 2,67,504 | 57,312 | 29,514 |
| (d) Other than related parties | 2,74,574 | 1,03,527 | 50,621 | 50,621 |
| **Total** | **21,41,658** | **14,59,849** | **14,97,909** | **10,13,997** |

**7) Other Information**

(₹ in lakh)

| Particulars | As at March 2023 | As at March 2022 |
|---|---|---|
| (i) Gross Non-Performing Assets | | |
| (a) Related Parties | - | - |
| (b) Other than Related Parties | - | - |
| (ii) Net Non-Performing Assets | | |
| (a) Related Parties | - | - |
| (b) Other than Related Parties | - | - |
| (iii) Assets acquired in satisfaction of debt | - | - |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "44"**

**DISCLOSURE OF DETAILS AS REQUIRED BY RBI/2020-21/24/DOR (NBFC) (PD) CC. NO. 117/03.10.001/2020-21 DATED AUGUST 13, 2020**

**Components of ANW and other related requirement**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| i) ANW as a % of Risk Weighted Assets | **64%** | 61% |
| ii) Unrealized appreciation in the book value of quoted investments | **-** | - |
| iii) Diminution in the aggregate book value of quoted investments | **-** | - |
| iv) Leverage Ratio (times) | **0.62** | 0.63 |

**Investment in other CICs**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| a) Total amount representing any direct or indirect capital contribution made by one CIC in another CIC (including name of CICs) | - | - |
| b) Number of CICs with their names wherein the direct or indirect capital contribution exceeds 10% of Owned Funds | - | - |
| c) Number of CICs with their names wherein the direct or indirect capital contribution exceeds 10% of Owned Funds | - | - |

**Off Balance Sheet Exposure**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| a) Off balance sheet exposure | 12,954 | 18,156 |
| b) Financial Guarantee as a % of total off balance sheet exposure | 100% | 100% |
| c) Non-Financial Guarantee as a% of total off balance sheet exposure | - | - |
| d) Off balance sheet exposure to overseas subsidiaries | - | - |
| e) Letter of Comfort issued to any subsidiary | 5,21,157 | 3,46,207 |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**Investments**

(₹ in lakh)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| 1) Value of Investments | | |
| (i) Gross Value of Investments | | |
| (a) In India | 14,56,818 | 10,10,259 |
| (b) Outside India | 10,807 | 10,807 |
| (ii) Provision for Depreciation | | |
| (a) In India | 7,776 | 7,069 |
| (b) Outside India | - | - |
| (iii) Net Value of Investments | | |
| (a) In India | 14,49,042 | 10,03,190 |
| (b) Outside India | 10,807 | 10,807 |
| 2) Movement of Provisions held towards depreciation on Investments | | |
| (i) Opening Balance | 7,069 | 6,842 |
| (ii) Add: Provisions made during the year | 892 | 852 |
| (iii) Less: Write Off/ Write back of excess provisions during the year | - | (625) |
| (iv) Closing Balance | 7,776 | 7,069 |

**Business Ratios**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| a) Return on Equity (RoE) | 7.1% | 1.2% |
| b) Return on Assets (RoA) | 5.6% | 0.8% |
| c) Net Profit per employee * | 1,947 | 208 |

* Calculated on Profit after Tax

**Provisions and Contingencies**

(₹ in lakh)

| Break up of 'Provisions and Contingencies' shown under the Profit and Loss Account | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| a) Provisions for depreciation on Investment | 892 | 852 |
| b) Provision towards NPA | - | - |
| c) Provision made towards Income tax | 16,513 | 1,985 |
| d) Other Provision and Contingencies (Provision on Trade Receivables) | - | - |
| e) Provision for Standard Assets | (271) | (122) |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**Concentration of NPAs**

| | Amount | Exposure as a % of Total Assets |
|---|---|---|
| Total exposure to top five NPA accounts | - | - |

**Overseas Assets**

| Name of Subsidiary | Country | Total Assets |
|---|---|---|
| Tata Capital Pte. Limited | Singapore | $ 87.98 million |

**Miscellaneous**

a) The Company has not obtained any Registrations/ licenses/ authorisations from other financial sector regulators.

b) RBI has not levied any penalties on the Company during the year.

**NOTE "45"**

**DISCLOSURE OF DETAILS AS REQUIRED BY RBI/2019-20/88/DOR.NBFC (PD) CC. NO.102/03.10.001/2019-20 DATED NOVEMBER 04, 2019 REGARDING LIQUIDITY RISK MANAGEMENT FRAMEWORK FOR NON-BANKING FINANCIAL COMPANIES AND CORE INVESTMENT COMPANIES**

**(i) Funding Concentration based on significant counterparty (both deposits and borrowings)**

(₹ in lakh)

| Sr. No | Number of Significant Counterparties | Amount | % of Total deposits | % of Total Liabilities |
|---|---|---|---|---|
| 1 | 18 | 2,80,990 | 0% | 56% |

**(ii) Top 20 Large Deposits**

(₹ in lakh)

| Sr. No | Counterparty | Amount | % of total deposits |
|---|---|---|---|
| | Nil | | |

**(iii) Top 10 Borrowing (amounts to ₹ 3,05,000 lakh and 73% of total borrowings)**

**(iv) Funding Concentration based on significant instrument/product**

| Sr. No | Name of the instrument/product | Amount | % of total liabilities |
|---|---|---|---|
| 1 | CP | 1,25,000 | 25% |
| 2 | NCD | 2,03,000 | 40% |
| 3 | CRPS | 1,06,973 | 21% |
| | **Total** | **4,34,973** | |

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**(v) Stock Ratios**

| | Particulars | % |
|---|---|---|
| (a)(i) | Commercial papers as a % of total public funds | 28.32% |
| (a)(ii) | Commercial papers as a % of total liabilities | 24.40% |
| (a)(iii) | Commercial papers as a % of total assets | 8.12% |
| (b)(i) | Non-convertible debentures (original maturity less than 1 year) as a % of total public funds | 0.00% |
| (b)(ii) | Non-convertible debentures (original maturity less than 1 year) as a % of total liabilities | 0.00% |
| (b)(iii) | Non-convertible debentures (original maturity less than 1 year) as a % of total assets | 0.00% |
| (c)(i) | Other Short-term liabilities as a % of total public funds | 41.86% |
| (c)(ii) | Other Short-term liabilities as a % of total Liabilities | 36.06% |
| (c)(iii) | Other Short-term liabilities as a % of total Assets | 12.01% |

**(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 Finance & Asset Liability Supervisory 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 :**

1 For the purpose of above disclosure, "Public Funds" i.e. Commercial papers, NCD's and CRPS are shown at Face value whereas total assets and total liabilities are shown at Carrying values.

2 Total Liabilities refer to Total outside liabilities i.e. Balance sheet total excluding Share Capital and Reserves.

3 Other Short term liabilities include Financial Liabilities and non financial liabilities payable within an year (Excluding CP and NCD Maturity of original tenor less than 1 year).

**NOTE "46"**

**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, 2023** (₹ in lakh)

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS 109 | Net Carrying Amount | Provisions required as per IRACP norms | Difference between Ind As 109 Provisions and IRACP norms |
|---|---|---|---|---|---|---|
| | | A | B | C = A - B | D | E = B - D |
| **Performing Assets** | | | | | | |
| Standard | Stage 1 and Stage 2 | 45,372 | 383 | 44,989 | 180 | 203 |

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**NOTE "47"**

Tata Capital Limited is a Core Investment Company (CIC-ND-SI) and only has investments in and loans to group companies. Though there is an uncertainty in the environment, given the nature of its business, it is expected that the impact of the pandemic on the company and its operations will be minimal.

**NOTE "48"**

The Company has assessed its obligations arising in the normal course of business, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Indian Accounting Standard (Ind AS) - 37 on 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

**NOTE "49"**

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) | Adjusted Net worth | Risk Weighted Assets | 64% | 61% | 5% | Not Applicable |
| Tier I CRAR | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| Tier II CRAR | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| Liquidity Coverage Ratio. | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable | Not Applicable |

**NOTE "50"**

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;

**NOTE "51"**

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:

a) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

b) 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.

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

c) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

d) No registration and/or satisfaction of charges are pending to be filed with ROC.

e) 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.

f) The Company does not have any relationship with struck off companies.

**NOTE "52"**

The Board of Directors have recommended a final dividend of ₹ 0.21 per equity share for the financial year 2022-23 (resulting in total dividend of ₹ 7,476 lakhs), subject to approval of the shareholders in the forthcoming Annual General Meeting of the Company.

**NOTE "53"**

The Board of Directors of Tata Capital Limited ('the Company' or "TCL') at its meeting held on March 28, 2023, approved the merger by way of a Scheme of Arrangement of Tata Capital Financial Services Limited ("TCFSL"), a wholly owned subsidiary of the Company and Tata Cleantech Capital Limited ("TCCL"), a subsidiary of the Company with TCL ("the Scheme"), under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder. The Scheme will become effective upon fulfilment of all the conditions set out in the Scheme including approval of the Scheme by the National Company Law Tribunal ('NCLT') and grant of NBFC license in the name of TCL by Reserve Bank of India and upon other Regulatory approvals from the appointed date i.e. April 1, 2023 or such other later date as may be decided by the Board of Directors.

Upon the Scheme becoming effective:

1. TCL will carry on all the business activities undertaken by TCFSL and TCCL as an NBFC. From the appointed date to the effective date, the said businesses would continue to be carried on by TCFSL and TCCL for and on behalf of and in trust for TCL.
2. All the shares of TCFSL and TCCL held by TCL (either directly and/or through nominees) would stand cancelled without any further application, act or deed.
3. The scheme does not envisage issuance of any equity shares for merger of TCFSL and TCCL, except for a minority shareholder of the latter based on valuation carried out by independent valuers.
4. The holders of Non-Convertible Debentures (NCDs) of TCFSL and TCCL will become holders of NCDs of TCL on the same terms and conditions (including same rights, interests and benefits).

**NOTE "54"**

Previous year figures have been regrouped/rearranged, where necessary.

In terms of our report of even date

**For KKC & Associates LLP**
*Chartered Accountants*
(formerly Khimji Kunverji & Co LLP)
Firm's Registration No: 105146W/W100621

**Hasmukh B. Dedhia**
*(Partner)*
Membership No: 033494

Mumbai
April 27, 2023

For and on behalf of the Board of Directors

**Saurabh Agrawal**
*(Chairman)*
DIN: 02144558

**F. N. Subedar**
*(Director)*
DIN: 00028428

**Varsha Purandare**
*(Director)*
DIN : 05288076

**Malvika Sinha**
*(Director)*
DIN: 08373142

**V.S. Radhakrishnan**
*(Independent Director)*
DIN: 08064705

**Mathew Cyriac**
*(Independent Director)*
DIN: 01903606

**Aarthi Subramanian**
*(Director)*
DIN: 07121802

**Rajiv Sabharwal**
*(Managing Director & CEO)*
DIN: 00057333

**Sarita Kamath**
*(Head - Legal and Compliance & Company Secretary)*

**Rakesh Bhatia**
*(Chief Financial Officer)*

TATA CAPITAL LIMITED
Registered Office: 11th Floor, Tower A, Peninsula Business Park,
Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013.
Tel No. +91 22 6606 9000 · www.tatacapital.com