TATA CLEANTECH CAPITAL LIMITED

Annual Report 2022-23

Corporate Information

Board of Directors	Ms. Varsha Purandare (Chairperson) Mr. Sujit Kumar Varma Mr. Lodewijk Govaerts Mr. Rajiv Sabharwal Mr. Manish Chourasia (Managing Director)
Chief Financial Officer	Mr. Behzad Bhesania
Company Secretary	Mr. Rajesh Gosia
Statutory Auditors	M/s. Mukund M. Chitale & Co.
Registered Office	11th floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013
Corporate Identification Number	U65923MH2011PLC222430

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BOARD'S REPORT

To the Members,

The Board has pleasure in presenting the 12th Annual Report and the Audited Financial Statements for the Financial Year ("FY") ended March 31, 2023.

1. BACKGROUND

Tata Cleantech Capital Limited ("Company" or "TCCL") is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Deposit Accepting Non-Banking Financial Company. TCCL engages in the business of providing cash flow based finance and advisory services for projects in Renewable Energy, Energy Efficiency, Waste Management, Water Management and other Infrastructure Projects. TCCL is a joint venture between Tata Capital Limited ("TCL") and International Finance Corporation ("IFC"), Washington D.C., USA, with equity holding in the ratio of 80.50:19.50. The Company has been registered with the RBI as an Infrastructure Finance Company since October 15, 2015. TCCL has also been classified as a Middle Layer NBFC ("NBFC ML") by the RBI, as per the Scale Based Regulations dated October 22, 2021.

The Company is headquartered in Mumbai and operates from 4 locations spread across Mumbai, Thane, Delhi and Hyderabad.

2. FINANCIAL RESULTS

(Rs. in crore)

Particulars	FY 2022-23	FY 2021-22
Gross Income	**1,025.53**	**704.18**
Finance Costs	545.29	352.43
Net loss on fair value changes	-	-
Impairment of investment in Associates	-	-
Impairment on Financial Instruments	38.44	27.80
Employee Benefits Expense	36.35	30.65
Depreciation, Amortisation and Impairment	1.14	1.08
Other expenses	33.70	23.57
Profit Before Tax	**370.61**	**268.65**
Less: Provision for Tax	92.09	64.84
Profit After Tax	**278.52**	**203.81**
Other comprehensive income	0.35	(0.82)
Less: Tax on other comprehensive income	0.08	(0.20)
Other comprehensive income after tax	0.27	(0.62)
Less: Non-controlling interest	-	-
Total comprehensive income for the year	**278.79**	**203.19**
Amount brought forward from previous year	505.15	358.95
Amount available for appropriation	**783.94**	**562.14**

Appropriations:		
Special Reserve Account	65.36	56.99
Debenture Redemption Reserve	-	-
Interim Dividend on Equity Shares	-	-
Ind AS 116 transition impact net of tax	-	-
Surplus carried to Balance Sheet	**718.58**	**505.15**

During FY 2022 - 23, the Company disbursed loans amounting to Rs. 5,535 crore (FY 2021-22: Rs. 5,392 crore). The Company's loan portfolio stood at Rs. 10,464 crore as on March 31, 2023 (FY 2021-22: Rs. 7,840 crore). The Cost to Income-ratio in FY 2022-23 was 14.1% as compared to 15.4%, in FY 2021-22. TCCL has maintained the best-in-class asset quality with only one project being a Non-Performing Asset ("NPA"), as on March 31, 2023.

Gross Income during FY 2022-23 increased by 46% and stood at Rs. 1,025 crore (FY 2021-22: Rs. 704 crore). Interest expense increased by 55% to Rs. 545 crore in FY 2022-23, from Rs. 352 crore in FY 2021-22.

Total Income (Net Interest Margin plus Other Revenue) of the Company increased by 37% from Rs. 345 crore, in FY 2021-22 to Rs. 473 crore, in FY 2022-23. Net Interest Margin as a percentage of average assets stood at 5.1% for FY 2022-23.

Operating Cost increased by 36% from Rs. 22 crore in FY 2021-22 to Rs. 30 crore in FY 2022-23. Manpower expenses for FY 2022-23 were Rs. 37 crore as against Rs. 31 crore in FY 2021-22, an increase of 19%.

The Company's Net Profit After Tax ("NPAT") for the year increased by 37% from Rs. 204 crore in FY 2021 -22 to Rs. 279 crore in FY 2022-23.

As required under Section 451C of the RBI Act, 1934, 20% of the profits are required to be transferred to a Special Reserve Account. Accordingly, an amount of Rs. 55.70 crore (FY 2021-22: Rs. 40.76 crore) being 20% of the profits, has been transferred to the said Reserve for FY 2022-23. Pursuant to Section 36(i)(viii) of the Income Tax Act, 1961, Rs. 9.66 crore (FY 2021-22: Rs. 16.23 crore) has been transferred to the Special Reserve Fund for FY 2022-23. Further, an amount of Rs. 719 crore has been carried to the Balance Sheet as Surplus.

3. SHARE CAPITAL

The Authorized Share Capital of the Company is Rs. 500 crore comprising 50,00,00,000 Equity Shares of Rs. 10/- each.

The Issued, Subscribed and Paid-up Equity Share Capital of the Company as on March 31, 2023, was Rs. 459,28,56,390 consisting of 45,92,85,639 Equity Shares of Rs. 10/- each, which was held by TCL and IFC in the ratio of 80.50:19.50, respectively.

4. DIVIDEND

In order to conserve the resources of the Company and considering the Business Plan of the Company, the Board of Directors have not recommended any dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2023.

5. REVIEW OF BUSINESS OPERATIONS OF THE COMPANY

During FY 2023, the Company has continued to grow and consolidate its position in the industry backed by strong foundations laid over the past years. The Company has presence across multiple sectors including solar, wind, electric mobility, energy efficiency, water management, logistics, city gas distribution, roads, airports and transmission. The Company's lending portfolio has grown by 34% to Rs. 10,464 crores in FY 2022-23 from Rs. 7,830 crore in FY 2021-22. The Company's 75% of loan portfolio consists of cleantech sector. Further, the Company has strengthened its footprint in Electric Mobility, Energy Efficiency, Green Hydrogen and water treatment projects.

With continuous efforts on liability diversification, the Company's outstanding borrowings from global investors (including climate investors) stood at Rs.1,960 crore as on March 31, 2023. The company has augmented long-term sources of funds, cumulating to Rs. 3,794 crore between April 2022 and March 2023. On a residual maturity basis, the share of long-term borrowing was at 70% as on March 31, 2023.

The Company has also provided Techno Commercial advisory services by executing assignments with multilateral, international government authorities and prestigious global institutions. In FY 2022-23, the company successfully executed second phase of the assignment for Japan International Cooperation Agency to act as a catalyst to crowd in the private sector capital in clean energy. The Company also advised a leading Indian bank on reducing its pan India carbon footprint by use of green power at its facilities.

The Company has continued its practice of sharing knowledge pieces and published another White Paper in the Cleantech segment, "Indian Renewable Sector Status - Impact of COVID-19". The Company also conducted a market webinar for knowledge dissemination on the impact of COVID-19 in Indian renewable sector which was followed by a panel discussion with industry experts.

The Company continued to earn recognition in the industry with the new addition of awards and accolades to its coveted list. Over the last year, the Company has been awarded with 10th Earth Care awards under the category of Enterprise in the Renewable Energy space for its effort in developing and mainstreaming the cleantech industry, followed by Top Private Financing Institutions for RE, EE and EV transit under Green Urja Awards 2022. The award was organized by the Indian Chamber of Commerce ("ICC"). Further adding on to the coveted list of accolades, in FY 2022-23 the Company's Managing Director became part of marquee committees such as Chairing Working Committee on Climate Finance by Gateway House, Indian Council of Global Relations and also became part of CII net zero council to develop climate action plan.

In addition to the above, continuing with its focus on Risk diversification, the Company continued to enhance the business volumes in the risk distribution vertical despite rising market challenges. It concluded debt syndication / sell downs for selected transactions of a few developers in FY 2022-23.

6. FINANCE

During FY 2022 - 23, the Company met its funding requirements through a combination of Short Term debt (comprising Commercial Papers, Inter Corporate Deposits ("ICDs") and Bank Loans) and Long Term debt (comprising Non-Convertible Debentures ("NCDs"), Subordinated Debt, Loans from Financial Institution, Bank Loans and External Commercial Borrowings ("ECBs")).

The Company had issued NCDs on a private placement basis, during FY 2022-23, under the following categories:

(Rs. in crore)

Category	Amount
Secured Redeemable NCDs	504.00
Secured Unlisted NCDs	375.00
Secured, Redeemable, Principal Protected - Market Linked Non- Convertible Debenture	490.60

The aggregate debt of the Company outstanding as at March 31, 2023 was Rs. 9,185 crore (of which, Rs. 3,061 crore was payable within one year). The Debt Equity ratio as on March 31, 2023 was 4.73 times.

The Company has been regular in servicing all its debt obligations.

7. CREDIT RATING

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

NATURE OF SECURITIES / INSTRUMENT	RATING AGENCY	RATING
Bank Loan	CRISIL	CRISIL AAA/Stable
Secured Redeemable NCDs and Subordinated Debt	CRISIL and CARE	CRISIL AAA/Stable and CARE AAA; Stable
Secured Redeemable NCDs – Market Linked NCDs	CRISIL	CRISIL PP-MLD AAA/Stable
Perpetual NCDs	CRISIL and CARE	CRISIL AA+/Stable and CARE AA+; Stable
Commercial Papers	CRISIL / ICRA	CRISIL A1+ and ICRA A1+

8. RISK MANAGEMENT

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

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

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

9. INTERNAL FINANCIAL CONTROLS

The Management had reviewed the design, adequacy and operating effectiveness of the Internal Financial Controls of the Company, in accordance with the criteria established under the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Entity Level Control framework document based on COSO 2013 framework has been documented. The documentation of process maps, key controls, standard operating procedures and risk registers has been completed for all businesses and functions.

Further, during FY 2022-23, Management testing has been conducted on a sample basis for all key processes. The Internal Audit team has also conducted a review of the Internal Financial Controls. Remedial action has been taken or agreed upon with a finite closure date for controls where weaknesses were identified. There are no material unaddressed internal financial controls related observations outstanding as at March 31, 2023. Based on the above, the Board believes that adequate Internal Financial Controls exist and are operating effectively.

10. INFORMATION TECHNOLOGY SUPPORT

The Company has continued to invest into cutting edge technologies to drive its core system modernization, digital and data initiatives. The Company has 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 drive best in class customer experience and drive operational efficiencies.

The Company is in the process of launching 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 the 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 Company continues to enhance its digital platform and in line with same has introduced a new onboarding journey for Micro business loans. The Use of Robotic Process Automation ("RPA"), Artificial Intelligence ("AI") and Machine Learning ("ML") has been a key focus area to drive business growth, automate processes, improve productivity and enhance customer experience.

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

11. 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. This was an integrated assessment with all subsidiaries and businesses of Tata Capital.

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 FY 2022-23, Tata Capital also undertook its second Data Excellence Assessment (the first was in February 2020) along with its three subsidiaries covering 4 business lines. This is based on TCS's DATOM (Data & Analytics Target Operating Model) framework. DATOM framework enables organizations to 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 Key Responsibility Areas ("KRA's") – (1) Data, (2) Technology, (3) Process and (4) People. These 4 KRA's are further sub divided into 23 Sub KRA's with a detailed focus on various dimensions.

TCCL is scored at 2.84 on a 5 point Global Benchmarking scale.

12. CORPORATE SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

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

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/tccl/CSR%20Policy.pdf

For FY 2022-23, the CSR budget for the Company was Rs. 479 lakh, this being two percent of the average net profit of the Company in the three immediately preceding financial years, calculated as per Section 198 of the Act, read with the Companies (CSR Policy) Rules, 2014. The budget was spent towards projects 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.

13. COMPLIANCE

The Company is registered with the RBI as a Non-Deposit Accepting – Non-Banking Financial Company and as an Infrastructure Finance Company since October 15, 2015. 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 said SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc. RBI has defined the regulatory structure for NBFCs, which shall comprise four layers viz., Top Layer, Upper Layer, Middle Layer and Base Layer. As per Scale Based Regulations, the Company is in the Middle Layer (NBFC-ML). The Company shall continue to ensure full 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 Directions – Non- Banking Financial Companies – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time.

With respect to provisioning of Non-Performing Assets, the Company follows stricter norms than those prescribed by RBI. The Capital to Risk Assets Ratio of the Company is 21.01% as on March 31, 2023, which is more than the prescribed minimum of 15%.

The NCDs issued by the Company on a private placement basis are listed on the National Stock Exchange of India Limited.

The Company has been classified as High Value Debt Listed Entity in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The Company has complied with and continues to comply with the SEBI Listing Regulations and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations.

14. 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.

15. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

16. DISCLOSURE OF GREEN BONDS ISSUED BY THE COMPANY

During FY 2022-23, the Company has not issued any Green Bonds.

The Company had raised Rs. 180 crore (about $25 million) through its maiden green bond with a tenor of five years, from FMO (Nederlandse Financierings - Maatschappij voor Ontwikkelingslanden N.V.), the Netherlands based Development bank during the financial year 2018-19.

The Green Bonds are listed on the NSE. The bonds have been rated CRISIL AAA/Stable and the proceeds of the bond have been exclusively applied to finance eligible Green Projects.

The green bond market plays a key role in funding projects that contribute to environmental sustainability. Like FMO, TCCL too is committed to mobilize green investments in India's sunrise sectors, with the overall objective to be a contributor to achieving India's Nationally Determined Contribution and Sustainable Development Goals targets towards climate change.

Use of Proceeds: This maiden green bond issue has financed eligible green projects in the renewable energy space. TCCL's portfolio mainly consists of large project finance investments in renewable energy sectors like wind and solar. Having a strong renewable energy portfolio, the funds raised through green bonds have been appropriately utilised to confirm with the green bond principles.

Management of Proceeds: The proceeds from the Bonds were used to finance the following projects.

Sr. No.	Project Entity	Project Location	Sector	Capacity(in MW)	Estimated Positive E&S Impact* - CO2 Emissions Reduction	Amount Disbursed (Rs. in crore)
1	Clean Solar Power (Gulbarga)	Karnataka	Solar	220 (20.54 Plant Load Factor ("PLF"))	2,54,434 tCO2/yr (0.878 t CO2/MWh)	98.35
2	Surajkiran Renewable	Telangana	Solar	57.5 (19.04 PLF)	84,027 tCO2/yr (0.878 t CO2/MWh)	87.705

*IMPACT: Through financing solar power plants, these bonds contribute to a positive environmental impact. The total CO2 emission reduction for individual projects have been calculated based on methodology defined by Central Electricity Authority, Ministry of Power, Government of India in the document 'CO2 Baseline Database for the Indian Power

Sector User Guide Version 13.0 June 2018' by capturing project Capacity UtilizationFactor ("CUF") estimates, installed project capacity and resultant annual unit generation.

17. DIRECTORS

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee ("NRC"), approved the appointment of Mr. Lodewijk Govaerts, nominated by International Finance Corporation, as an Additional Director, and as a Non – Executive Director of the Company with effect from April 10, 2022, or from such later date upon receipt of his Director Identification Number ("DIN"), and subject to the prior approval of the Reserve Bank of India and approval of the Members of the Company. Subsequently, Mr. Govaerts was allotted DIN No. 0009581838 by the Ministry of Corporate Affairs on April 22, 2022. RBI approved the appointment of Mr. Govaerts as a Non-Executive Director of the Company, vide its letter dated July 13, 2022. Accordingly, the Board of Directors, at its Meeting held on July 20, 2022, approved the appointment of Mr. Govaerts as an Additional Director of the Company, with effect from July 21, 2022, to hold office up to the date of next Annual General Meeting of the Company. The Members of the Company at its Extra-ordinary General Meeting held on August 10, 2022, had approved the appointment of Mr. Govaerts as a Director of the Company, liable to retire by rotation.

The Board of Directors vide Circular Resolution passed on May 4, 2022, approved the appointment of Mr. Sujit Kumar Varma (DIN: 09075212), as an Additional Director with effect from May 5, 2022, to hold office up to the ensuing Annual General Meeting ("AGM") and as an Independent Director, for an initial term of three years commencing from May 5, 2022 up to May 4, 2025, subject to the approval of the Members of the Company. The Members of the Company at its Annual General Meeting held on June 27, 2022, had approved the above appointment of Mr. Varma as a Director and Independent Director of the Company, not liable to retire by rotation.

During the year, Ms. Padmini Khare Kaicker (DIN: 00296388) ceased to be an Independent Director of the Company, with effect from the end of day, on March 10, 2023, consequent upon her retirement. The Directors place on record their appreciation for the invaluable contribution and the guidance rendered by Ms. Kaicker, during her tenure as a Director of the Company.

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

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

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

The Company has received declarations from the Independent Directors viz. Ms. Varsha Purandare (DIN: 05288076) and Mr. Sujit Kumar Varma (DIN: 09075212) stating that, they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) 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 (“IICA”), Manesar.

18. NUMBER OF MEETINGS OF THE BOARD

Ten (10) 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.

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

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

The Board of the Company followed the criteria as specified in the Guidance Note on the Board Evaluation issued by Securities and Exchange Board of India (“SEBI”) for evaluating the performance of the Board as a whole, Committees of the Board, Individual Directors and the Chairman. The criteria for evaluation of the Board as a whole, *inter alia*, covered parameters such as Structure of the Board, Meetings of the Board, Functions of the Board and Board & Management. The criteria for evaluation of Individual Directors covered parameters such as knowledge and competency, fulfillment of functions, ability to function as a team, etc. The criteria for evaluation of the Board Committees covered areas related to mandate and composition, effectiveness of the committee, structure of the committee and meetings, etc.

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

20. 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. This Policy is made available on the Company's website at https://www.tatacapital.com/content/dam/tata-capital/tccl/TCCL-Board%20Diversity%20Policy%20and%20Director%20Attributes.pdf.

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

The Remuneration Policy aims to ensure that the level and composition of the remuneration of the Directors, 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 Remuneration Policy ofthe Company are made available on the Company's website at https://www.tatacapital.com/content/dam/tata-capital/tccl/TCCL-%20Remuneration%20Policy.pdf.

The Company has also adopted a 'Fit and Proper' Policy for ascertaining the 'fit and proper' criteria for the appointment of Directors and on a continuing basis, pursuant to the RBI Master Directions issued for NBFCs. 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.

Further, pursuant to the Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs issued by the RBI on April 29, 2022, the Company has adopted a Compensation Policy for Key Managerial Personnel and Senior Management consisting of (a) constitution of a Remuneration Committee, (b) principles for fixed/ variable pay structures, and (c) malus/ clawback provisions. The same is available on the website of the Company, https://www.tatacapital.com/content/dam/tata-capital/tccl/tccl-compensation-policy.pdf .

21. KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Section 203 of the Act, Mr. Manish Chourasia, Managing Director, Mr. Behzad Bhesania, Chief Financial Officer and Mr. Rajesh Gosia, Company Secretary, are the Key Managerial Personnel of the Company.

22. 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 FY 2022-23, 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 ofthe Companies Act, 2013 (the "Act"), other relevant provisions of the Act, guidelines issued by Regulators as applicable to an NBFC and other accounting principles generally accepted in India have been followed and that there are no material departures therefrom.
b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and cash flows of the Company for the year.
c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
d) they had prepared the annual accounts on a going concern basis.

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

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

The Financial Statements 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 as amended from time to time.

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

23. VIGIL MECHANISM

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

The Vigil Mechanism provides access to Tata Capital's Ethics Committee for reporting concerns and grievances. It also provides access to the Compliance Officer under the Company's ABAC Policy and to the 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.

24. 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 requirement, 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, there were no complaints received under the provisions of the POSH Act.

25. 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.

26. STATUTORY AUDITORS

At the Eleventh AGM of the Company held on June 27, 2022, M/s. Mukund M. Chitale & Co, Chartered Accountants (ICAI Firm Registration No. 106655W) were appointed as Statutory Auditors of the Company for a period commencing from the conclusion of the Eleventh AGM till the conclusion of the Thirteenth AGM of the Company to be held in the year 2024 for the FY 2022-23 and FY 2023-24.

27. ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

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

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

28. EXPLANATION ON STATUTORY AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by Mukund M Chitale & Co, Chartered Accountants, Statutory Auditor of the Company, in their Report dated April 20, 2023, on the Financial Statements of the Company for FY 2022-23.

29. 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 or disclaimers made by M/s. Parikh & Associates in their Secretarial Audit Report dated May 23, 2023, on the Secretarial and other related records of the Company, for FY 2022-23.

30. SCHEME OF ARRANGEMENT

The Board of Directors of the Company at its meeting held on March 28, 2023, has approved a Scheme of Arrangement for amalgamation of the Company, a subsidiary of TCL and Tata Capital Financial Services Limited ("TCFSL"), a wholly owned subsidiary of TCL 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 TCCL shall be merged with and vested in TCL and thereafter TCL will carry on all the business activities undertaken by TCCL.

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

(iii) All the shares of TCCL held by TCL (either directly and/or through nominees) would stand cancelled without any further application, act or deed.

(iv) The holders of Non-Convertible Debentures (NCDs) of 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.

31. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS

There are no material changes or commitments affecting the financial position of the Company which have occurred between March 31, 2023 and May 23, 2023 being the date of this Report.

32. 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.

33. RELATED PARTY TRANSACTIONS

The Company has adopted a Policy and a Framework on Related Party Transactions ("RPTs") for the purpose of identification, monitoring and approving such transactions in line with the requirements of the Act and the SEBI Listing Regulations. The said Policy is available on the Company's website https://www.tatacapital.com/content/dam/tata-capital/tccl/POLICY%20ON%20RELATED%20PARTY%20TRANSACTIONS.pdf

All the RPTs that were entered into during FY 2022-23, were in the ordinary course of business and on an arm's length basis. There were no transactions which required disclosure under section 134(3)(h) of the Act. Hence, the prescribed Form AOC–2 does not form part of this report.

During the year, in terms of Regulation 23(4) of the SEBI Listing Regulations, the Company had entered into material related party transactions. Please refer Note No. 29 of the Financial Statements which also includes details of material related party transactions. The said transactions were in the ordinary course of business and on an arm's length basis. Pursuant to the aforesaid Regulation, all material RPTs require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. Tata Capital Limited ("TCL") and International Finance Corporation ("IFC") are the only shareholders of the Company with shareholding of 80.50% and 19.50% respectively, in the Company. Since, TCL and IFC are related parties of the Company, the requirement of only unrelated shareholders voting to approve material RPTs cannot be met. Hence, owing to the impossibility of complying with this voting requirement, the shareholders' approval could not be sought for the material RPTs and the explanation to the same was provided in the Corporate Governance Report filed with the Stock Exchange.

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

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

(A) <u>Conservation of energy</u>:

i. Steps taken / impact on conservation of energy:

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

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

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

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

A solar panel has been installed at the Company's office at Thane which produces close to 750 watts of energy and which self illuminates and provides power to the garden and security lights on the campus from dusk to dawn. The garden lights at the Thane office are being retrofitted with Light Emitting Diode ("LED") bulbs that consume less electricity as compared to conventional incandescent or Compact Fluorescent Light ("CFL") bulbs.

iii. Capital investment on energy conservation equipments:

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

(B) Technology absorption:

Given the nature of the activities of the Company and not being involved in any industrial or manufacturing activities, the above is not applicable to the Company.

(C) Foreign Exchange Earnings and Outgo:

During FY 2022-23, the Foreign Exchange earned in terms of actual inflows was Rs. 38 lakh and the Foreign Exchange Outgo in terms of actual outflows was Rs. 135 lakh.

35. ANNUAL RETURN

The Annual Return as prescribed under Section 92(1) of the Act and the Companies (Management and Administration) Rules, 2014, in the prescribed Form No. MGT-7, is available on the website of the Company at https://www.tatacapital.com/content/dam/tata-capital/pdf/tccl/financials/annual-reports/TCCL%20-%20Form%20MGT%20-%207%20-%20FY%202022-23.pdf.

36. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

37. CORPORATE GOVERNANCE

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

38. 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.

39. UNCLAIMED AMOUNT

During FY 2022-23, no amount was required to be transferred to the Information Education and Protection Fund. Further, pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules"), Mr. Rajesh Gosia, Company Secretary, has been appointed as the Nodal Officer of the Company, for the purpose of verification of claims and co-ordination with the IEPF Authority. The Contact details of Persons handling Investor Grievance are available on the website of the Company at www.tatacapital.com under 'Investor Relations' section.

40. ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Sd/-

Varsha Purandare
Chairperson
DIN: 05288076

Mumbai
May 23, 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/tccl/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.	Ms. Varsha Purandare	Independent Director	2	2
2.	Mr. Rajiv Sabharwal	Non – Executive Director	2	2
3.	Mr. Manish Chourasia	Managing Director	2	2

Note: Ms. Padmini Khare Kaicker ceased to be a Member of CSR Committee with effect from March 10, 2023, consequent upon her retirement as an Independent Director.

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/tccl/TCCL%20-%20Committee%20Composition.pdf

CSR Policy and CSR projects approved by the Board:
https://www.tatacapital.com/content/dam/tata-capital/tccl/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.**

Nil.

However, the Company has voluntarily conducted an Impact Assessment for its Green Switch Project during FY 2022-23. A copy of the Executive Summary is attached as an Annexure and the web – link of the impact assessment is as under:

https://www.tatacapital.com/content/dam/tata-capital/pdf/tccl/regulatory-disclosure/20221121_TCCL_ExecutiveSummary.pdf

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	2,02,56,86,690
FY 2020-21	2,27,01,84,332
FY 2021-22	2,88,09,96,507
Average Net Profit	**2,39,22,89,176**

(b) Two percent of average net profit of the company as per sub-section (5) of section 135: Rs. 4,78,45,784 (rounded off to Rs. 4,79,00,000/-)

(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)] – Rs. 4,79,00,000.

6. **(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** Rs. 4,62,42,229.

(b) Amount spent in Administrative Overheads – Rs. 9,37,432.

(c) Amount spent on Impact Assessment, if applicable – Rs. 7,20,339.

(d) Total amount spent for the Financial Year [(a)+(b)+(c)] – Rs. 4,79,00,000.

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per 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.
4,79,00,000	NA	NA	NA	NA	NA

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

Sl. No.	Particulars	Amount (in Rs.)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	4,78,45,784 (rounded off to 4,79,00,000)
(ii)	Total amount spent for the Financial Year	4,79,00,000
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	54, 216
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	54,216

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

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 Rs.)**	**Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)**	**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 Rs)	Date of Transfer		
Not Applicable								

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

○ <u>Yes</u> ○ No

If Yes, enter the number of Capital assets created/ acquired: 12

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 (in Rs.)	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
1	7.92 kWp Solar Off-grid system Ujala Sour Urja Samiti, Bhalmanda Tangertoli, Gariyajor, Kurdeg Block. Simdega District, Jharkhand 835212	835212	12.01.2023	20,18,092.49	NA	Ujala Sour Urja Samiti, Bhalmanda Tangertoli, Gariyajor, Kurdeg	Ujala Sour Urja Samiti, Bhalmanda Tangertoli, Gariyajor, Kurdeg Block. Simdega District, Jharkhand 835212
2	7.92 kWp Solar Off-grid system Vishnu Saur Urja Samiti, Chengjhariya, Barkibuera, Kurdeg Block. Simdega District, Jharkhand 835212	835212	12.01.2023	21,64,926.25	NA	Vishnu Saur Urja Samiti, Chengjhariya, Barkibuera, Kurdeg.	Vishnu Saur Urja Samiti, Chengjhariya, Barkibuera, Kurdeg Block. Simdega District, Jharkhand 835212
3	13.86 kWp Solar Off-grid system Chandini Saur Oorja Samiti of Partappur, Khinda, Kurdeg Block. Simdega District, Jharkhand 835212	835212	12.01.2023	35,10,321.24	NA	Chandini Saur Oorja Samiti of partappur, Khinda, Kurdeg	Chandini Saur Oorja Samiti of Partappur, Khinda, Kurdeg Block. Simdega District, Jharkhand 835212
4	Jharen Dakwatoli, 13.86 kWp Solar Off-grid system Jugnu Saur Oorja Samiti of Dakuatoli. Kurdeg Block. Simdega District, Jharkhand 835212	835212	12.01.2023	35,34,793.54	NA	Jugnu Saur Oorja Samiti of Dakuatoli.	Jugnu Saur Oorja Samiti of Dakuatoli. Kurdeg Block. Simdega District, Jharkhand 835212
5	Tukupani Jhulanbar, 13.86 kWp Solar Off-grid system	835212	12.01.2023	38,95,614.58	NA	“Deepak Sour Urja Samiti of Tukupani, Barkibuera,	“Deepak Sour Urja Samiti of Tukupani, Barkibuera, Kurdeg Block.

	Deepak Sour Urja Samiti of Tukupani, Barkibuera, Kurdeg Block. Simdega District, Jharkhand 835212					Kurdeg.	Simdega District, Jharkhand 835212
6	Dhodhijor Tola-1, 14.85 kWp Solar Off-grid system Deep Sour Urja Samiti of Dhorijor, East Taiser, Kersai Block. Simdega District, Jharkhand 835223	835223	02.03.2023	39,44,559.16	**NA**	Deep Sour Urja Samiti of Dhorijor, East Taiser, Kersai.	Deep Sour Urja Samiti of Dhorijor, East Taiser, Kersai Block. Simdega District, Jharkhand 835223
7	Dhodhijor Tola-2, 14.85 kWp Solar Off-grid system Deep Sour Urja Samiti of Dhorijor, East Taiser, Kersai Block. Simdega District, Jharkhand 835223	835223	02.03.2023	39,69,031.45	**NA**	Deep Sour Urja Samiti of Dhorijor, East Taiser, Kersai.	Deep Sour Urja Samiti of Dhorijor, East Taiser, Kersai Block. Simdega District, Jharkhand 835223
8	14.85 kWp Solar Off-grid system Kiran Saur Oorja Samiti of Samardema, East Taiser, Kersai, 835223	835223	02.03.2023	35,83,738.12	**NA**	Kiran Saur Oorja Samiti of Samardema, East Taiser, Kersai	Kiran Saur Oorja Samiti of Samardema, East Taiser, Kersai, 835223
9	11.55 kWp Solar Off-grid system Divya Saur Oorja Samiti" of Pakhnatoli, Basen, Kersai Block. Simdega District, Jharkhand 835223	835223	02.03.2023	27,13,996.94	**NA**	Divya Saur Oorja Samiti of Pakhnatoli, Basen, Kersai.	Divya Saur Oorja Samiti" of Pakhnatoli, Basen, Kersai Block. Simdega District, Jharkhand 835223
10	5.28 kWp Solar Off-grid system Khusboo Sour Urja Samiti, of Khijurpani, East Taiser, Kersai Block. Simdega District, Jharkhand 835223	835223	02.03.2023	21,64,926.25	**NA**	Khusboo Sour Urja Samiti, of Khijurpani, East Taiser, Kersai.	Khusboo Sour Urja Samiti, of Khijurpani, East Taiser, Kersai Block. Simdega District, Jharkhand 835223
11	solar pump systems, water filter, storage tanks, pipelines Gram Panchayat Office , At Swaminagar Post Aase Mokhada District Palghar. 401604, Maharashtra	401604	31.03.23	1,00,49,550	**NA**	Gram Panchayat Aase	Gram Panchayat Office , At Swaminagar Post Aase Mokhada District Palghar. 401604, Maharashtra
12	solar pump systems, water filter, storage tanks, pipelines Gram panchayat office, Poshera, near Jagdamba Mata	401604	31.03.23	25,06,350	NA	Gram Panchayat Poshera	Gram panchayat office, Poshera, near Jagdamba Mata Temple Mokhada , Palghar

	Temple Mokhada , Palghar Maharashtra 401604						Maharashtra 4016 04

(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**. **–** Not Applicable.

Sd/-	Sd/-	Sd/-
Varsha Purandare	**Rajiv Sabharwal**	**Manish Chourasia**
Chairperson, CSR Committee	Member, CSR Committee	Member, CSR Committee
Independent Director	Non-Executive Director	Managing Director
DIN : 05288076	DIN: 00057333	DIN: 03547985

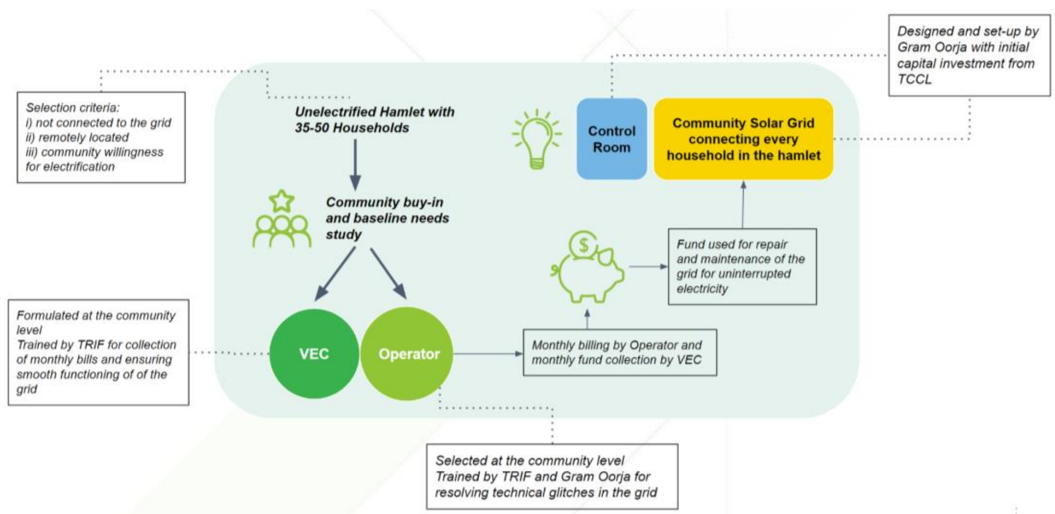
Executive Summary: Impact Assessment of TCCL's Green Switch Program

India has made great strides in household electrification, which rose from 68% in 2005-06 (NFHS-3), to 86% in 2015-16 (NFHS-4) and 97% in 2020-21 (NFHS-5). Despite this near universal access to household electrification, **access to reliable supply of electricity** is still a challenge. The Indian Residential Energy Survey, 2020 found that 76% of the households face **unanticipated supply interruption**. Two-third of rural and two-fifth of urban households face outages at least once a day and the majority of unelectrified households cited their **inability to afford grid connection** as the reason for not having an electricity connection.[1]

Jharkhand has also made great improvements in electrification. **Electricity access that was limited to only 23% of the rural household in 2005-06 (NFHS-3) increased to 74% in 2015-16 (NFHS-4) and is now available to 93% of the rural households (NFHS-5)**. However, this belies the fact that about 3 million people in **rural areas still lack access to electricity**[2] and lack of access is concentrated among the **more exposed tribal populations**.[3] Even when connected to the grid, there are issues with the quality of supply. Households in Jharkhand faced one of the longest power outages, with rural households, facing six or more hours of daily power outages. The quality of supply remains a concern, with regular blackouts, and few hours of effective access.[4] The TCCL's Green Switch program aims to electrify such unelectrified hamlets and provide reliable and sustainable electricity sources.

Tata CleanTech Capital's Green Switch Program

Tata Cleantech Capital Limited (TCCL) is a joint venture between Tata Capital Limited (TCL) and International Finance Corporation (IFC), Washington DC, US.



To solve the gap between demand-supply of power, under its CSR wing, Tata Cleantech Capital designed 'The Green Switch' program (2020-2023) driven by community partnership. In partnership with Gram Oorja and Transforming Rural India Foundation (TRIF) the project is implemented in 13 hamlets of Kurdeg block of Simdega district in the state of Jharkhand. The aim of the project is to **provide clean electricity to unelectrified homes and community spaces, including schools, through renewable energy** by adopting a community partnership model, one hamlet at a time. Under the intervention around 700 households were electrified and 4 LED bulbs and 2 plug points/charging sockets were installed in each household.

The partnership model helps build scalability, replicability and sustainability for the project deliverables. The design is inspired by the **'Power for All'** scheme and contributes towards **SDG 7: Ensure access to affordable,**

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1 https://www.ceew.in/publications/state-electricity-access-india

2 https://sais-isep.org/wp-content/uploads/2020/11/an-assessment-of-electricity-access-in-jharkhand-and-the-impact-of-saubhagya.pdf

3 https://www.sciencedirect.com/science/article/abs/pii/S2214629621002255

4 https://www.ceew.in/publications/state-electricity-access-india

reliable, sustainable and modern energy for all.

Overview of the Impact Assessment Study

Sattva conducted an Impact Assessment Study from June to October 2022 of the TCCL's Green switch program to assess the impact of the program. Sattva incorporated a descriptive cross-sectional design that included both qualitative and quantitative data collection from the key stakeholders[5] (Households, VECs, Operators, BDO, Panchayat representatives, Program team, implementation team, women, and students) belonging to nine hamlets.

Key Insights from the Impact Assessment Study

Following are some of the key insights across various impact areas of the program.

Access, Availability and Affordability of electricity

- **95%** of the households report that the solar grid adequately meets their basic electricity needs.
- **96%** beneficiaries are satisfied with the quality of the electricity supply, attributable to constant and reliable electricity supply.
- While **79%** of the households find electricity affordable, **14%** of the households perceive monthly fixed charge of INR 100 as expensive.

Electricity Usage

- The average units consumed per household has **increased** from 0.92 kWh in July 2021 to 4.3 kWh in July 2022.
- Availability of electricity in the hamlets has led to a significant **decrease in the usage of generators**, especially in social functions.
- Increased use of mobile phones post electrification has **strengthened communication** and **socializing** among community members.

Livelihoods

- Reliable electricity supply has improved work efficiency, usage of livelihood assets, and livelihood options at the community level.
- Increased access to solar-run water pumps led to **17%** of the households cultivating additional crops and **5%** of the households increasing area under cultivation.

Education

- Electrification of households and schools has enabled students to use **digital devices for learning** and has led to an **increase in time spent on learning**.

Impact on Women

- Electrification has **reduced the health discomforts and ailments** caused due to usage of *dhibhris,* and other pre-electrification sources of illumination.
- Electrification has led to an **increase in ease and time available** for completion of household chores.

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[5] Stakeholders: Households, Students, Youth, Community Women, VEC, PRI members, Implementation partners, Program team, and Block Development Officer (BDO)

Health and Safety

- **98%** respondents feel safe due to consistent illumination, which has led to an **increase in mobility post darkness**.
- Most people (Over 90% of the sample surveyed) living in the hamlets also reported a significant **reduction in animal encounters** and therefore **felt safer** as a result.
- Increased safety was also observed as a result of lesser number of household accidents due to availability of electricity at the households.

Sustainability of the program

- **71%** households understand village-level processes embedded in the program, and are **aware of the Village Electricity Committee (VEC) and its functions**.
- While **98%** households believe that it's important to pay bills on time, **52%** understand the purpose of the VEC fund.
- VECs perceive their role to be crucial in the smooth functioning of the program, and understand their roles and responsibilities.
- VECs are **confident in their ability** to discharge their duties, but **desire a refresher training** and will require support of program partners in more advanced technical glitches, and reparation and replacement of solar panels.
- Households reach out to the operators in instances of technical issues and are **satisfied with the services** rendered by the VEC and the operator.
- Operators **understand their R&R**, are capable of **resolving grid-related technical issues**, and do not feel that they require any additional training support.

Overview of GreenHouse Gas (GHG) Emission Evaluation

As a part of the Impact Assessment Study, Sattva conducted an evaluation of emission reductions due to the transition from fossil-fuel based energy sources such as kerosene and diesel to solar energy attributable to TCCL's Green switch program. The assessment follows the guidelines of the GHG Protocol Project Standard and other guidelines / data sources as per requirements.

The program has currently resulted in a **net estimated emissions reduction of 54.69 tonnes of CO_2eq p.a.** This has been measured across kerosene usage, transport usage for kerosene procurement, diesel usage, one-time emissions for microgrid setup including travel and construction, and travel for periodic maintenance and monitoring of the microgrid. This result has been **extrapolated for 13 locations** based on the survey information received from 9 locations.

GHG Emission Evaluation Insights

Following are the key insights from the GHG emission evaluation:

Kerosene Usage

- The overall **use of kerosene has reduced by 80%** due to electrification, leading to an **annual savings of over 10,000 litres of kerosene across the surveyed locations across 9 locations / hamlets.**

- When this data is extrapolated to all HHs across 13 hamlets, the **total savings in kerosene usage** is estimated to be **over 25,000 litres per annum.**
- This savings in kerosene translates to **a direct reduction of about 65 tonnes of CO2eq p.a.**
- The use of kerosene as a **source of lighting** has **reduced significantly** due to electrification, with about **90% households** having stopped using kerosene as a source of lighting.
- **Kerosene** continues to be used **for other household uses** such as back up lamps, as a starter fuel for firewood and for water pumps.
- Kerosene is mainly **procured from fair price shops** under PDS and the average cost per litre kerosene is **more than INR 51** as per quantitative surveys. As per qualitative surveys, this cost is about **INR 90 per litre**
- **Most households** either travel **on foot or through bicycle** to procure kerosene.
- **17% households** use GHG emitting modes of private travel such as **motorcycles** to procure kerosene.
- People in Households travel **5 kilometres on average per trip (one-way)** to procure kerosene.
- Electrification has led to a **40% reduction in average number of monthly trips** for procuring kerosene.
- Most HHs **strongly perceive reduction** in usage of kerosene for lighting due to electrification.

Micro-Grid Electricity Usage

- **All 281 households** that were surveyed switched to **micro-grid electricity** as their primary source of lighting.
- On average, **each household consumes about 0.2 kWh per day** while about **0.6 kWh can be generated** by the microgrid per household, on average per day.
- The current level of micro-grid usage hovers around the one third mark **(34% utilization)**.
- The microgrid systems have an **unutilised energy potential of about 1,59,640 kWh per annum** (or about **12,280 kWh per location**) which can be productively leveraged by the HHs and the community in the future.
- We saw **minor discrepancies in unit consumption data** recorded in passbooks across locations.

Other Insights

- Households observed a **6% reduction** (or. about 84 litres per annum) **in the overall usage of diesel** post electrification due to **decreased usage of generators and pumps.**
- Usage of solar lamps has **reduced by 42% post electrification**, with only about 20% HHs now using it for back-up.
- There was a **50% reduction** in the **number of irrigation pumps** powered by diesel, petrol and kerosene in the surveyed households.
- A **quintuple (500%) increase in solar pumps** post electrification indicates the awareness of benefits and the value of solar pumps among HHs.
- There was a small **10% decrease in irrigation pump users** i.e. Electrification has **not led** to an overall increase in quantity of irrigation pumps used.

Key Recommendations

The in depth interactions with the stakeholders yielded several useful insights. Some areas of improvement are mentioned below for further strengthening of the Green Switch program:

Capacity building of VEC

- Refresher trainings of VECs and Operators to be able to carry out their duties and resolving technical glitches/maintenance issues can reduce the lack of confidence among VECs and Operators to resolve issues.
- Minor discrepancies observed in unit consumption data recorded in passbooks and VEC ledgers vis-à-vis control room data across locations can be resolved in the future by ensuring regularity and accuracy in updation of records by the operator (supervised by VEC) and further validation of HH data with the

control room data.

Community understanding of the collaborative model

- The collaborative model is an important pillar for the sustainability of the program and there exists a need for the community members to understand it. Consistent capacity building of all community members on the **importance of paying bills to keep the system running** can be conducted by the VEC on a regular basis. This process can be built-in to the roles and responsibilities of the VEC.

Revisit the pricing model based on the maturity of the project

- Currently, all members are paying the same per unit cost for household and commercial usage. This can be revisited in the long run. It is recommended that a capping system (higher costs for those using more than the capped units) be introduced after the project's maturity, when more people are using a considerably higher amount of units, for a more equitable distribution in the pricing.

Unutilized microgrid capacity/potential

- The microgrid systems have an unutilized energy potential which can be productively leveraged by the community in the future. The average annual energy generation potential per microgrid was about 12,280 kWh, of which only **34%** is currently being utilized. (Overall estimate of excess capacity across all microgrids is about **54,278 kWh per annum** as per current generation and consumption data). Facilitating community members to own and use assets for increasing agricultural allied livelihoods, and generating awareness around the same is recommended. Since the project is just a year old, optimal utilization of the grid capacity might happen organically as the project matures.

GHG emission reduction potential

- While kerosene and diesel usage has reduced in the communities due to electrification, the usage of fossil-fuel based irrigation pumps and generators still persists in the communities. This presents a potential opportunity to further reduce GHG emissions in the near future by replacing them with renewable energy. There exists a scope to reduce usage of kerosene and firewood for cooking and heating by increasing awareness of alternatives and helping households plan adoption of such alternatives.

Awareness of solar electricity and its benefits

- While awareness of solar electricity has certainly increased within the communities due to electrification, 47% community members still remain unaware of the benefits of solar energy. Therefore awareness generation programs and informational sessions on solar electrification are recommended for community members.
- Further, continuing the facilitation of converting to solar irrigation pumps from fossil fuel based ones will also immensely benefit the community by meeting its irrigation needs through clean energy at a lower cost.

Conclusion

Overall, the Green Switch program has been successful in achieving its intended impact. The program has 100% illuminated the villages it has reached. The community collaborative model for solar electrification that the program has designed and adopted is effective in ensuring the sustainability of the program. The mobilisation strategy adopted also ensures participation from the community. The implementation strategy, including the formation of VEC and selection of the operator has ensured that the program will continue to run even after the exit of TCCL in the area. Moreover, the intervention has also led to a behavioural change in the energy usage, with more members actively choosing to use sustainable sources of energy such as solar, which is one of the key successes of the program.

While there are a few recommendations on the operational side, such as refresher trainings and building in an awareness component to the program, on the planning and strategic side, the program is well-designed and takes into account the key challenges of the region and the community. The Green Switch Program has paved the way for communities to be sustainable and responsible in their energy generation, consumption and has facilitated improvements in their quality of life with respect to health, education, and livelihood opportunities.

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 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 CLEANTECH CAPITAL LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Tata Cleantech 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, the information to the extent 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 the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 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 31st March, 2023 according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period);

(d) The Securities and Exchange Board of India (Share Based Employee Benefits 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 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 and amendments from time to time; (Not applicable to the Company during the audit period) and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period).

(vi) Other laws specifically applicable to the Company, namely:

a) All the Rules, Regulations, Directions, Guidelines and Circulars issued by the Reserve Bank of India applicable to Non-Deposit Accepting Non-Banking Financial Companies which are specifically applicable to the Company.
b) Credit Information Companies (Regulation) Act, 2005 and Rules.
c) The Prevention of Money Laundering Act, 2002 and the Prevention of Money Laundering (Maintenance of Records, etc.) Rules, 2005.
d) SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

e) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings.

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

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

(ii) The Listing Agreement entered by the Company with National Stock Exchange of India Limited with respect to Non-Convertible Debentures issued by the Company read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR),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 proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We report that as regards the compliance of Regulations 23(4) of SEBI (LODR), 2015 made applicable to the Company effective September 7, 2021 on a comply or explain basis until March 31, 2023, the Company has been providing the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchange under Regulation 27(2)(a) of SEBI (LODR), 2015.

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

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 etc.

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.

1. At the Extra-ordinary General meeting of the Company held on December 20, 2022, the Members have passed a Special Resolution pursuant to Section 180 (1) (c) of the Companies Act, 2013, for increasing its borrowing limits for an aggregate amount not exceeding Rs. 15,000 crore and have also passed a Special Resolution pursuant to Section 180 (1) (a) of the Companies Act, 2013, for creation of charge on the assets of the Company for an outstanding aggregate value not exceeding Rs. 15,000 crore.

2. The Board of Directors of Tata Cleantech Capital Limited ("TCCL") at its Meeting held on March 28, 2023 has approved the Scheme of Arrangement for amalgamation of TCCL, a subsidiary of Tata Capital Limited ("TCL") and Tata Capital Financial Services Limited ("TCFSL"), a wholly owned subsidiary of TCL with TCL ("the Scheme"), under Section 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;

3. Issued 41,400 Commercial Papers for an aggregate amount of Rs. 2,070 crore;

4. Redeemed 42,400 Commercial Papers for an aggregate amount of Rs.2,120 crore;

5. Issued 500 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs.50 crore;

6. Issued 4,906 Secured Redeemable Principal Protected Market linked Non-Convertible Debentures for an aggregate amount of Rs.490.60 crore;

7. Issued 37,500 Unlisted Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs.375 crore;

8. Redeemed 3,250 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 325 crore;

9. Redeemed 6,184 Secured Redeemable Principal Protected Market linked Non-Convertible Debentures for an aggregate amount of Rs. 61.84 crore.

For Parikh & Associates
Company Secretaries

Place: Mumbai
Date: May 23, 2023

Sd/-

Signature:
Anuja Parikh
Partner
ACS No: 52937 CP No: 21367
UDIN: A052937E000357813
PR No.: 1129/2021

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

Annexure 'A'

To,
The Members,
Tata Cleantech 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. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Parikh & Associates
Company Secretaries

Place: Mumbai
Date: May 23, 2023

Sd/-

Signature:
Anuja Parikh
Partner
ACS No: 52937 CP No: 21367
UDIN: A052937E000357813
PR No.: 1129/2021

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

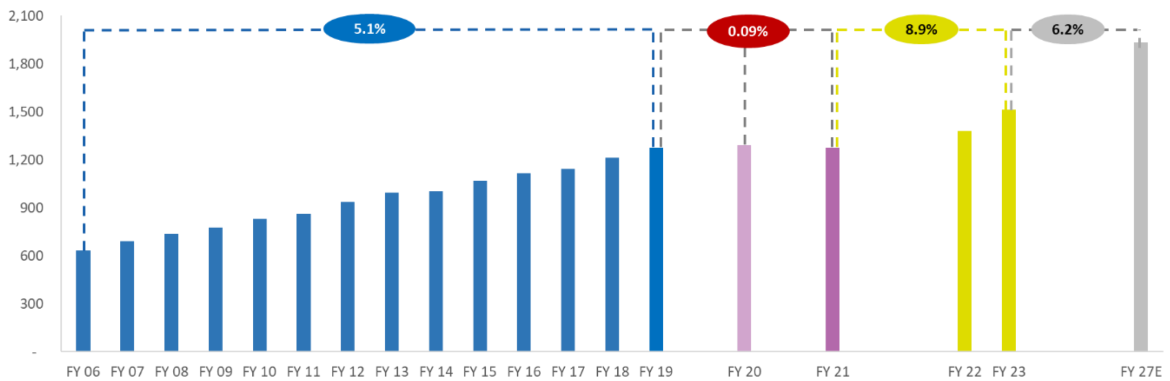
1. INDUSTRY OVERVIEW, OPPORTUNITY AND OUTLOOK

In its initial days, India's cleantech market was led by solar and wind power projects. Until FY 2014-15, the investment in solar and wind projects accounted for around US$ 30 billion. Since then, the capacity of solar and wind energy installations has increased from 27 Giga Watt ("GW") to 109 GW by March 2023, registering a growth rate of 4 times in a span of only 8 years. During this time, cleantech investment has also seen the emergence of green energy corridor – transmission lines for evacuation and integration of renewable energy. Together, these mainstreamed technologies have been responsible for bulk of the investment in the cleantech sector. But now the cleantech market is at the cusp of a paradigm shift. In addition to the growth in rooftop solar segment, other emerging sectors such as E-mobility, Energy storage and Energy Efficiency also bolstered the investment in the cleantech segment. In all, the cleantech sector attracted an investment of around US$ 80 billion between FY 2014-15 and FY 2022-23. While mainstream utility scale solar and wind sector and green energy projects accounted for 93% of the investment, emerging segments have started to make a mark and accounted for the balance 7% of the investments.

Renewable energy

Renewable capacity in India has grown at a CAGR of nearly 15% from FY 2009-23 and around 174 GW of capacity is planned to be added in the next 5 years. This is a result of increasing power demand. Before the COVID-19 induced pandemic, India's power demand had grown steadily at a Compound Annual Growth Rate ("CAGR") of 5.1% till FY 2018-19. Power demand was hit due to COVID-19 pandemic and remained stagnant for 2 years. But since then, power demand rose by 8.9% till FY 2021-22 because of the reduced impact of the pandemic and increasing industrial activities. According to estimates of CEA's 20th Electric Power Survey of India, power demand shall continue to grow at a CAGR of 6.2% till FY 2026-27.

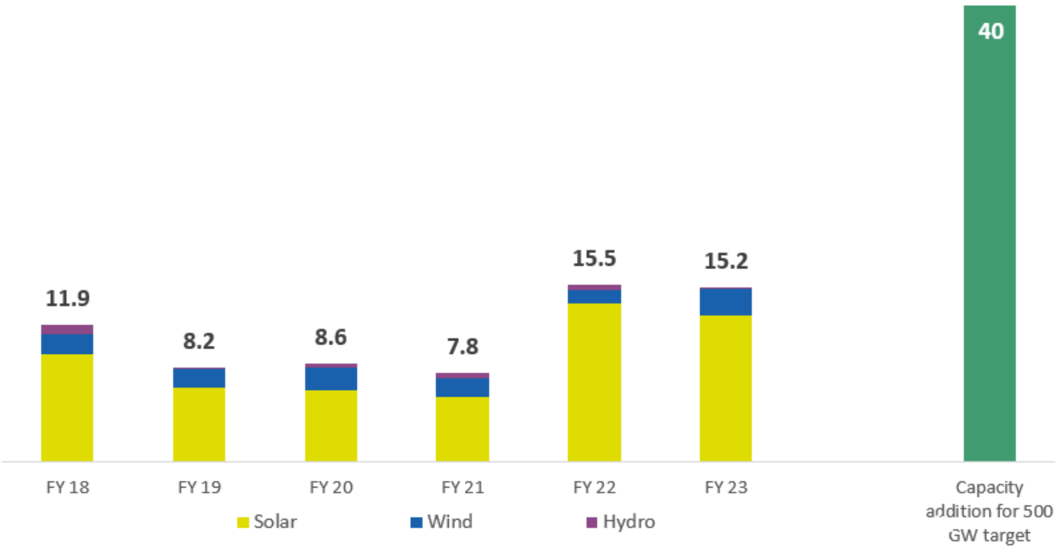
Figure 1: India's yearly power demand



Source: CEA and TCCL Research

This increasing power demand has been largely met with solar and wind capacity additions. The renewable energy capacities are set for explosive growth as a result of the Government's vision of taking the total capacity of Solar, wind and Hydro energy to 500 GW by 2030. However, the annual capacity additions in previous years will not suffice the current need. To meet this ambitious target, there is a requirement of nearly 40 GW annually. In this regard, the government has already decided to accept bids for 50 GW of renewable energy capacity per year from FY 2023-24 to FY 2027-28. Moreover, to further propel the market, Government has declared trajectories for Wind Renewable Purchase Obligation ("Wind RPO") and Hydro Purchase Obligation ('HPO") up to the year 2030.

Figure 2: Solar and wind capacity addition (in GW) in India



Source: CEA & MNRE

To facilitate this growth of this mainstream sector, there is a sizable investment required. As per TCCL's estimate, the investment requirement for renewable energy stands at approx.US$250 billion by 2030, majorly funded under debt.

Transmission and storage

Along with renewable capacity additions, there is a requirement for commensurate expansion of transmission capacity and installation of energy storage systems to address the need for grid balancing and flexibility. India has already planned to enhance inter-regional transmission capacity by nearly 30% by 2030. In addition, state transmission utilities of specific renewable-rich states of India have their own Intra state transmission lines expansion targets under green corridors for the evacuation of large-scale renewable energy.

Moreover, India envisages the installation of Battery Energy Storage Capacity ("BESS") of the order of 51.5 GW by 2030 to provide Round-the-Clock power to end-consumers. Government has announced viability gap funding for 4,000 MWh battery energy storage systems and formulation of a detailed framework for pump storage projects. Also, Energy Storage Obligation trajectory till 2029-30 has been notified by the Government of India.

Hence to achieve this target and support the growth of renewable energy, we estimate that cumulative investments of approx.US$250 billion will be required for the transmission sector along with storage by 2030.

Besides the above matured sectors, investment in emerging sectors will also grow in the coming years, thereby increasing its share in the total investments. In line with its contribution to the emerging sectors over the last few years, the Company will continue to build expertise and invest in such emerging segments:

- **Energy Efficiency:** The National Mission for Enhanced Energy Efficiency (“NMEEE”), launched under the National Action Plan on Climate Change (“NAPCC”) has set ambitious targets for the adoption of Energy Efficiency measures. Energy Efficiency initiatives will continue to play an important part in resource and energy optimization for corporates and Small and Medium Enterprises (“SMEs”). Further to facilitate the achievement of CoP-26 goals, the Energy Conservation Act 2001 was amended in 2022 to include new concepts such as carbon credit trading scheme, obligation to use non-fossil sources of energy, standards for vehicles and vessels. It is estimated that the energy efficiency sector will require an investment of approx.US$200 billion by 2030. The following sectors will be key drivers in energy efficiency market:
    - **Smart Meters:** Approximately 25 crore conventional meters need to be replaced by smart meters in the country over the next few years. In this regard, the Central government is offering budgetary support of nearly Rs. 90,000 crore under the Revamped Distribution Sector Scheme (“RDSS”) which supports the implementation of smart metering under TOTEX mode. This will be a focus area for TCCL in the coming future. India has so far installed 56 lakh smart meters all over the country.
    - **Green Warehousing:** The demand for Grade A green warehouses (with better efficiencies and utilities) in the country continue to remain upbeat. Some of the factors leading to this demand-pull include sustainability commitments by leading e-commerce companies (which are the potential lessees), streamlining of the entire logistics supply chain including warehousing and evolution of hyperlocal delivery models amongst others. Moreover, favourable policy measures also provide impetus to the sector (such as infrastructure status for warehousing).

- **Electric Mobility:** Indian E-mobility sector will play a crucial role in the quest of reducing its carbon emissions. Given the extent of dependence of Indian population on public transport, E-buses will play a significant role. Hence, mass scale electrification of public transport is a key intervention in furthering the decarbonisation agenda. In previous years, there has been rapid adoption of Electric Mobility within the public transport segment in India with multiple tenders for e-buses. This is mainly attributable to the value proposition offered in terms of being a reliable, cleaner and increasingly cost-effective alternative to conventional public transport. The electric vehicle market has seen a boost due to improved viability with lower Total Cost of Ownership (“TCO”) and strong support from government including a conducive policy framework.

During the FY 2021-22, the government of India also rolled out the Production Linked Incentives ("PLI") scheme for manufacturing Advanced Chemistry Cell ("ACC") batteries at an estimated outlay of INR 18,100 crore which will incentivize domestic production of batteries. This is further expected to revolutionize the eco-system around the Electric mobility space by supporting the EV industry with the requisite infrastructure.

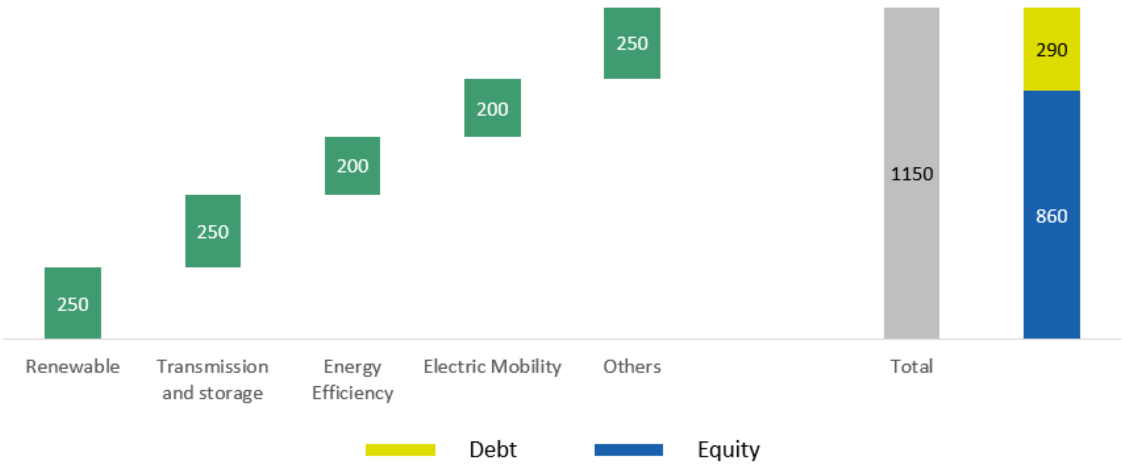
The E-mobility market is still in its emerging phase and there is more debt financing in this sector. As per TCCL's estimate, the investment requirement by 2030 stands at approx. US $200 billion for the E-mobility sector in India.

Other sectors such as City Gas Distribution, Clean Energy Supply Chain, Carbon Capture Utilization and Storage are at a nascent stage whereas Green Hydrogen and Water treatment is picking up and requires investment.

- **Green Hydrogen:** Government of India has announced the National Green Hydrogen Mission as a step towards its march to a sustainable future. With an overall outlay of nearly Rs. 19,700 crore, the mission will lead to the development of green hydrogen production capacity of at least 5 MMT (Million Metric Tonne) per annum and result in the abatement of nearly 50 MMT of annual greenhouse gas emission by 2030 by helping India in decarbonization of major sectors of its economy. The market is still in a nascent stage in terms of technology development and usage.
- **Water Treatment:** Though India is home to 18% of world's population, it has access to only about 2.5% of the world's land area and only 4% of the water resources. With rising consumption, deteriorating water quality and inadequate management, India is likely to face water shortage by 2025. The announcement of Namami Gange programme administered by the National Mission for Clean Ganga ("NMCG") and the evolution of Hybrid Annuity Model ("HAM") in Water Treatment has opened the door for private sector investments. The sector will require approx.US$50 billion in water treatment by 2030.

With the increased commitment to net-zero the investment requirement in cleantech space is expected to grow multi-fold. India is estimated to require over US$ 1.15 trillion by 2030 to meet its climate goals.

Figure 3: Investment required in cleantech by 2030 (US$ bn)



Source: TCCL Research

The debt investment requirement for cleantech is estimated to be approx.US$ 860 billion in the next 7 years. This accounts for huge investment opportunities for financial institutions and climate investors operating in this segment.

2. SEGMENT WISE OR PRODUCT WISE PERFORMANCE OF THE COMPANY

During FY 2023, the Company has continued to grow and consolidate its position in the industry backed by strong foundations laid over the past years. The Company has presence across multiple sectors including solar, wind, electric mobility, energy efficiency, water management, logistics, city gas distribution, roads, airports and transmission. The Company's lending portfolio has grown by 34% to Rs. 10,464 crore in FY 2022-23 from Rs. 7,830 crore in FY 2021-22. The Company's 75% of loan portfolio consists of cleantech sector. Further, the Company has strengthened its footprint in Electric Mobility, Energy Efficiency, Green Hydrogen and water treatment projects.

With continuous efforts on liability diversification, the Company's outstanding borrowings from global investors (including climate investors) stood at Rs.1,960 crore as on March 31, 2023. The Company has augmented long-term sources of funds, cumulating to Rs. 3,794 crore between April 2022 and March 2023. On a residual maturity basis, the share of long-term borrowing was at 70% as on March 31, 2023.

The Company has also provided Techno Commercial advisory services by executing assignments with multilateral, international government authorities and prestigious global institutions. The Company successfully executed the following marquee assignments in FY 2022-23:

- Second phase of the assignment for Japan International Cooperation Agency to act as a catalyst to crowd in the private sector capital in clean energy.
- Advised a leading Indian bank on reducing its pan India carbon footprint by use of green power at its facilities.

The Company has continued its practice of sharing knowledge pieces and published another White Paper in the Cleantech segment, “Indian Renewable Sector Status - Impact of COVID-19”. The Company also conducted a market webinar for knowledge dissemination on the impact of COVID-19 in Indian renewable sector which was followed by a panel discussion with industry experts.

The Company continued to earn recognition in the industry with the new addition of awards and accolades to its coveted list. Over the last year, the Company has been awarded with following prestigious awards.

- 10th Earth Care awards under the category of Enterprise in the Renewable Energy space for its effort in developing and mainstreaming the cleantech industry.
- Top Private Financing Institutions for RE, EE and EV transit under Green Urja Awards 2022. The award was organized by the Indian Chamber of Commerce (“ICC”).

Further adding on to the coveted list of accolades, in FY 2022-23 the Company’s Managing Director became part of the following marquee committees:

- Chairing Working Committee on Climate Finance by Gateway House, Indian Council of Global Relations
- Part of CII net zero council to develop climate action plan.

3. THREATS & MITIGATION

The infrastructure sector is the backbone of any economy. Infrastructure development is critical, especially for a developing country like India, for rapid economic growth and poverty reduction. However, infrastructure projects are typically characterised by a long construction period, large capital expenditures and higher uncertainty of cashflows as they are spread over a longer tenure, subject to evolving sectoral and technology risks, etc. The creation of separate categories of NBFCs like Infrastructure Finance Companies (“IFCs”), Infrastructure Development Funds (“IDFs”) etc. highlights the need for capital requirements in this sector. Though the sector is expected to be resilient in the long term, it may face a slowdown in the short to medium term, mainly due to changing market dynamics.

In the lending space, competition is heating up with the increased participation of banks, including Public Sector Banks, Commercial banks and Multinational Cooperations for funding renewable energy projects. Along with this, the cumulative issuance of green bonds by Indian companies is also on the rise.

Contrastingly, the mainstream renewable energy sector is getting consolidated with increasing mergers and acquisitions, thereby reducing the number of players for lending opportunities.

The Company is increasing its share of borrowing from climate investors to improve its competitiveness. Concurrently, the Company is consistently monitoring the growth in emerging sectors and building its expertise to tap the investment potential. The Company envisages expanding its market share in emerging sectors while maintaining its leadership position in mainstream segments.

With its strong parentage, brand recognition, liquidity and strong relationships with customers, the Company is poised to capitalize on this opportunity. Further, we shall continue to leverage our deep understanding of sectors and robust risk evaluation framework to maintain sound asset quality.

4. RISKS AND CONCERNS

TCCL follows a very robust risk management framework to identify, assess, monitor and mitigate various risks, to which the company is exposed. Enterprise Risk Management framework of TCCL follows the approach of three lines of defence. The first line of defence is the Business units, Risk Management department is the second line of defence, and the third line of defence is Internal Audit department. Risk management is an integral part of the company's business strategy, which is driven by the Board of Directors at the highest level. The Board is assisted by the Risk Management Committee ("RMC") of the Board, which is responsible for formulating a detailed risk management policy and monitoring and overseeing the implementation of the policy, including the evaluation of adequacy of risk management systems. There are various Board and Management Committees, which discharges responsibilities, as part of comprehensive risk management. These committees include, Audit Committee, Investment Credit Committee, Finance and Asset Liability Supervisory Committee, Management Credit Committee, Credit Committee, Credit Monitoring Committee, Operational Risk Management Committee, Fraud Risk Management Committee and Information Technology and Strategy Committee.

The Risk Management process is governed by the comprehensive Enterprise Risk Management Framework, which lays down guidelines for risk identification, assessment and monitoring as an ongoing process that is supported by a robust risk reporting framework. To review and monitor organization wide risk policies, heat map approach is being used. Heat map covers all key risk areas - Credit Risk, Market Risk, Information Technology, Information Security, People, Outsourcing, Process, Business continuity and Reputational Risk and reporting of identified and assessed risk is done basis score card parameters and thresholds.

The Credit Risk policy defines a framework for borrower assessment criteria, risk assessment of various infrastructure sectors, product-wise risk assessment, various caps, prudential limits, guidelines on internal credit ratings, general credit norms and deviation matrix. Credit approving authorities approve credit exposure in line with the Delegation of Power and Authority assigned by the Board of Directors. All credit proposals are appraised by the credit team, followed by an independent assessment by the risk team. Post-disbursement monitoring of accounts and portfolios is carried out by the Credit Monitoring team, which includes progress reviews of under construction projects, performance tracking of operational projects, tracking of counterparty credit profiles, tracking of regulatory developments in relevant sectors, periodic reviews of accounts and compliance with the approval terms. Portfolio risk management covers the dynamic review of movement in the risk profile of the counterparty, in addition to the review of movement in the borrower's risk profile. Continuous monitoring of portfolio helps in identifying early warning signals concerning any account and in the event of a deterioration in risk profile, corrective action is taken to minimise the risk.

Market Risks (interest rate and liquidity) are regularly monitored through tolerance limits and triggers guided by the Market Risk Policy. The management of forex risk is also guided by the Market Risk Policy. Quantitative techniques, such as sensitivity analysis and stress testing are being used for liquidity and interest rate risk assessment. The Finance and Asset Liability Supervisory Committee of the Company reviews the liquidity risk, interest rate risk and forex risk profile of the organization regularly.

The Company has a well-defined Operational Risk Management Policy. Ongoing monitoring of Key Risk Indicators ("KRI") is done and corrective actions are implemented on KRI exceptions. An oversight committee of Senior Management representative viz. the Operational Risk Management Committee meets periodically to review the operational risk profile of the organization. Fraud risk governance is guided by Fraud Risk Management Policy, which emphasizes instituting a proactive fraud risk management culture and a preventive and detective fraud risk framework. Tata Capital has adopted a "Framework for Improving Critical Infrastructure Cyber Security" published by the National Institute of Standards and Technology and complies with the regulatory guidelines. Various measures are adopted to effectively protect against phishing, social media threats and rogue mobile systems. There has been a consistent focus on data privacy risk monitoring. Business continuity and disaster recovery drill is being conducted for testing of business continuity for the scenario where employees are required to work from remote locations.

The Risk Management Practices of Tata Capital 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 organization.

5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

TCCL has had a profitable year aided by stable Net Interest Margins, prudent product mix, efficient liability management, focused management of operating costs and sound quality of credit portfolio.

Performance highlights for FY 2022-23 are, as under:

- The total loan book increased from Rs. 7,830 crore as on March 31, 2022 to Rs. 10,464 crore as on March 31, 2023.
- The Cost-to-Income ratio declined from 15.4% in FY 2021-22 to 14.1% in FY 2022-23.

- TCCL has maintained best-in-class asset quality, with Gross and Net Non-Performing Assets (“NPA”) of 0.5% and 0.2% respectively as on March 31, 2023.
- Profit before tax increased from Rs. 269 crore for FY 2021-22 to Rs. 371 crore for FY 2022-23.
- Net profit after tax increased Year-on-Year by 37% to Rs. 279 crores.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company had 80 permanent employees as on March 31, 2023.

The Company 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. The Company had an impressive participation rate of 100% and the Engagement score was 82% (FY 2021-22: 80%) which was higher than the comparative benchmarks identified. The Company also featured amongst India's Best WorkplacesTM 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.

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

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

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

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 the company.

Corporate Governance Report

I. Company's Philosophy on Corporate Governance

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

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

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

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

II. Board of Directors:

a) As on March 31, 2023, the Company had 5 (five) Directors. Out of the 5 (five), 2 (two) are Independent, Non-Executive Directors; 2 (Two) are Non-Independent, Non-Executive Directors and 1 (one) is Executive Director (Managing Director). The profile of the Directors can be found on the Company's website www.tatacapital.com.

b) None of the Directors of the Board hold Directorships in more than 7 (seven) equity listed companies. Further, none of the Independent Directors ("IDs") of the Company serves as an ID in more than 7 (seven) equity listed companies. None of the IDs serve as a whole-time director/managing director in any listed entity. None of the Director holds directorship in more than 20 (twenty) Indian companies, with not more than 10 (ten) public limited companies. None of the Directors is a member of more than 10 committees or acts as chairperson of more than 5 committees (being Audit Committee and Stakeholders Relationship Committee), as per Regulation 26(1) of Securities and Exchange Board of

India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") across all the public limited companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2023 have been made by the Directors.

c) Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Companies Act, 2013 ("Act") along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act and that they are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

d) 10 (Ten) 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 20, 2022, May 16, 2022, July 20, 2022, October 20, 2022, January 19, 2023, February 16, 2023, March 16, 2023, March 20, 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 in other companies and Committee Chairpersonships / Memberships held by them in other public limited companies as on March 31, 2023 (including changes during the year) and list of core skills / expertise / competencies identified by the Board of Directors are given herein below:

Name of the Director (DIN) and Director Since	**Category**	**Skills / Expertise / Competencies**	**Number of Board Meetings attended during FY 2022-2023**	**Whether attended last AGM held on June 27, 2022**	**Number of Directorships in other Companies**		**Number of Committee positions held in other Public Companies****		**Directorships in other listed entity (Category of Directorship)**
					Chairperson	Member	Chairperson	Member	
Ms. Varsha Purandare (Chairperson) (05288076) Director since January 25, 2020	Non-Executive, Independent,	Leadership, Strategy, Credit, Forex, Risk, Treasury, Capital Markets, Investment Banking, Private Equity, Governance, Regulatory Affairs	10	Yes	-	9 (Public)	5	8	**<u>Independent Non-Executive Director</u>** 1) Orient Cement Limited 2) Tata Capital Limited (Debt Listed) 3) Tata Capital Financial Services Limited (Debt Listed) 4) The Federal Bank Limited 5) Deepak Fertilisers and Petrochemicals Corporation Limited

									6) TMF Holdings Limited (Debt Listed) 7) Tata Motors Finance Limited (Debt Listed) 8) Tata Motors Finance Solutions Limited (Debt Listed)
Ms. Padmini Khare Kaicker Director since March 11, 2015	Non-Executive Independent	Leadership, Strategy, Finance, Governance, Regulatory Affairs, Capital Market and Merger & Acquisitions	5	Yes	NA	NA	NA	NA	NA
Mr. Sujit Kumar Varma (09075212) Director since May 05, 2022	Independent, Non-Executive	Leadership, Strategy, Risk Management, Regulatory compliance, Banking operations, Accounts, Governance.	8	Yes	-	7 (Public) 2 (Others)	2	3	**<u>Independent Non-Executive Director</u>** 1) Tata Capital Housing Finance Limited (Debt Listed) 2) L & T Metro Rail (Hyderabad) Limited# 3) Uflex Limited **<u>Non-Executive and Non – Independent Director</u>** 1) Prime Securities Limited
Mr. Lodewijk Govaerts (09581838) Director since July 21, 2022	Non – Independent, Non-Executive	Leadership, Strategy, Corporate Finance Advisory, Investment, Banking Operations	6	No	-	4 (Others)	-	-	-
Mr. Rajiv Sabharwal (00057333) Director since April 01, 2018	Non – Independent, Non-Executive	Leadership, Strategy, Finance, Risk, Treasury, Credit, Private Equity, Governance, Regulatory Affairs, Retail Banking, Banking Operations.	10	Yes	3 (Public) 1 (Others)	4 (Public) 3 (Others)^	1	2	**Non-Executive Director <u>Non-Independent</u>** 1) Tata Capital Housing Finance Limited (Debt Listed) 2) Tata Capital Financial Services Limited (Debt Listed) Managing Director & CEO 1) Tata Capital Limited (Debt Listed)

Mr. Manish Chourasia (03547985) Director since August 21, 2015	Managing Director	Leadership, Strategy, Finance, Governance, Regulatory Affairs, Capital Market and Merger & Acquisitions	9	Yes	-	-	-	-	-

Notes:

i. Mr. Sujit Kumar Varma has been appointed as Independent Director w.e.f. May 05, 2022.
ii. Mr. Lodewijk Govaerts has been appointed as Non – Executive Director w.e.f. July 21, 2022.
iii. Ms. Padmini Khare Kaicker ceased to be an Independent Director of the Company consequent upon her retirement with effect from the end of day on March 10, 2023 and therefore the details as on March 31, 2023 has not been provided.

*** 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 SEBI Listing Regulations. Further, number of memberships in Audit / Stakeholder Committee includes Chairpersonship, wherever applicable.*
^ Includes Directorships in Foreign companies.

f) 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.

g) 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.	Mr. Sujit Kumar Varma	Independent Director	Appointment	May 05, 2022
2.	Mr. Lodewijk Govaerts	Non - Executive Director	Appointment	July 21, 2022
3.	Ms. Padmini Khare Kaicker	Independent Director	Cessation	March 10, 2023

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

i) The Board periodically reviews the compliance reports pertaining to all laws applicable to the Company. During FY 2022-23, 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) None of the Directors hold any shares in the Company. The Company has not issued any convertible instruments.

III. Committees of the Board

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

During FY 2022-23, the Finance and Asset Liability supervisory Committee of the Board was dissolved with effect from January 19, 2023.

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

i. Audit Committee

Composition, Meetings and Attendance

During FY 2022-23, 8 (Eight) meetings of the Audit Committee were held on the following dates: April 20, 2022, July 20, 2022, September 19, 2022, October 20, 2022, January 19, 2023, February 16, 2023, March 15, 2023 and March 28, 2023.

The composition of the Audit Committee (including changes) and the attendance details of meetings during FY 2022-23 is, as under:

Name of the Member(s)	Category	Member of Committee since	No. of Meetings	
			Held	Attended
Mr. Sujit Kumar Varma	Chairman and Independent Director	May 5, 2022	7	7
Ms. Padmini Khare Kaicker	Independent Director	March 16, 2015	6	6
Ms. Varsha Purandare	Independent Director	January 25, 2020	8	8
Mr. Rajiv Sabharwal	Non-Executive Director	April 1, 2018	8	8

Notes:

i. *Ms. Padmini Khare Kaicker stepped down as the Chairperson and Member of the Audit Committee with effect from March 10, 2023 consequent upon her retirement as an Independent Director of the Company.*

ii. *Mr. Sujit Kumar Varma, was appointed as a Member of the Audit Committee with effect from May 5, 2022 and as a Chairman with effect from March 11, 2023.*

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 27, 2022 and was attended by Ms. Padmini Khare Kaicker, former 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, SEBI Listing Regulations and Guidelines issued by Reserve Bank of India ("RBI"). The Charter is reviewed, from time to time and is available on the website of the Company, www.tatacapital.com.

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

- Review of the financial reporting process, the system of internal financial controls, the audit process, the Company's process for monitoring compliance with laws and regulations and the Tata Code of Conduct;
- To recommend the appointment/ re-appointment and removal/ replacement 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, the financial results and the Auditor's Report thereon, including the draft limited review report;
- To review and evaluate the Company's financial and risk management systems;
- To review the adequacy and performance of Risk Based Internal Audit function;
- To perform activities and carry out functions as laid down in the Framework for Related Party Transactions adopted by the Board;
- To review findings of internal investigations, frauds, irregularities, etc.;
- To review the functioning of and compliance with the Company's Whistle Blower Policy;
- To review the Compliance Policy of the Company and oversee its implementation;
- To review the compliance risk on a quarterly basis based on monitoring and testing results and approve the risk – based compliance testing and monitoring plan; and
- Review the appointment/ re-appointment, removal and terms of remuneration of the Chief Compliance Officer.

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, the Chief Financial Officer, the Company Secretary, the Statutory Auditors and the Head - Internal Audit. The Head-Internal Audit of the Company functionally reports to the Audit Committee to ensure independence of operations.

ii. Nomination and Remuneration Committee ("NRC")

Composition, Meetings and Attendance

During FY 2022-23, 2 (Two) meetings of the NRC were held on the following dates: May 16, 2022 and March 16, 2023.

The composition of the NRC (including changes) and the attendance details of meetings during FY 2022-23 is, as under:

Name of the Member(s)	Category	Member of Committee since	No. of Meetings	
			Held	Attended
Mr. Sujit Kumar Varma	Chairman and Independent Director	May 05, 2022	2	2
Mr. Rajiv Sabharwal	Non- Executive Director	January 25, 2020	2	2
Ms. Varsha Purandare	Independent Director	March 16, 2015	2	2
Ms. Padmini Khare Kaicker	Independent Director	April 1, 2018	2	1

Notes:

i. *Mr. Sujit Kumar Varma was appointed as a Member and Chairman of the NRC with effect from May 05, 2022. Mr. Rajiv Sabharwal ceased to be a Chairman and continued to be Member of the NRC with effect from May 05, 2022.*

ii. *Ms. Padmini Khare Kaicker ceased to be the Member of the NRC with effect from March 10, 2023,* consequent upon her retirement as an Independent Director of the Company.

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

The previous AGM of the Company was held on June 27, 2022 and was attended by Mr. Sujit Kumar Varma, Chairman of the NRC.

Terms of reference

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

- To formulate the criteria for determining qualifications, fit and proper status, positive attributes and independence of a director and recommend to the Board, a policy relating to the remuneration for the directors, Key Managerial Personnel ("KMP"), the Executive Team and other employees;
- To specify the manner and criteria for effective evaluation of performance of Board, its Committees and individual Directors including Independent Directors;
- To devise a policy on diversity of Board of Directors;
- To identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board, their appointment and removal;
- To decide whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- Oversee the framing, review, implementation and recommend to the Board for its approval the Remuneration Policy for the Directors, KMPs, the Executive team and other employees.
- Review of the Compensation Structure i.e. design of annual and long term compensation plan (including share linked instruments, mix of cash and share linked instruments, deferred payment plans, which may be subject to malus / claw back arrangements etc); and
- To decide commission payable to the Directors, subject to prescribed limits and approval of shareholders.

Performance Evaluation Criteria for Independent Directors

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

iii. Risk Management Committee ("RMC")

Composition, Meetings and Attendance

During FY 2022-23, 4 (Four) meetings of the RMC were held on the following dates: May 02, 2022, August 10, 2022, November 02, 2022 and February 02, 2023.

The composition of the RMC (including changes) and the attendance details of meetings during FY 2022-23 is, as under:

Name of the Member(s)	Category	Member of Committee since	No. of Meetings	
			Held	Attended
Mr. Sujit Kumar Varma	Chairman and Independent Director	May 05, 2022	3	3
Ms. Varsha Purandare	Independent Director	January 25, 2020	1	1
Ms. Padmini Khare Kaicker	Independent Director	May 05, 2022	3	2
Mr. Rajiv Sabharwal	Non-Executive Director	April 1, 2018	4	4
Mr. Manish Chourasia	Managing Director	April 01, 2018	4	4

Notes:

i. *Mr. Sujit Kumar Varma was appointed as a Member and Chairman of the RMC with effect from May 5, 2022. Ms. Varsha Purandare stepped down as a Member and Chairperson of the RMC with effect from May 5, 2022.*

ii. *Ms. Padmini Khare Kaicker was appointed as a Member with effect from May 5, 2022 and ceased to be a Member of the RMC with effect from March 10, 2023 consequent upon her retirement as an Independent Director of the Company.*

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 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 Risk (vi) Reputation Risk (vii) Information Security and Cyber Security Risk etc;
- To review and analyse risk exposure related to specific issues and highlight the same to the Board;
- To monitor and oversee implementation of the Risk Management Policy , 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, 4 (Four) meetings of the ALCO were held on the following dates: April 13, 2022, May 02, 2022, August 03, 2022, August 12, 2022 (adjourned) and November 01, 2022.

The composition of the ALCO and the attendance details of meetings during FY 2022-23 is, as under:

Name of the Member(s)	Category	Member of Committee since	No. of Meetings (Including Adjourned Meeting)	
			Held	Attended
Ms. Varsha Purandare	Chairperson and Independent Director	January 25, 2020	4	4
Mr. Rajiv Sabharwal	Non-Executive Director	April 01, 2018	4	4
Mr. Manish Chourasia	Managing Director	April 01, 2018	4	4

Note:
Pursuant to the Guidelines on Liquidity Risk Management Framework provided under Para 15A of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Master Direction"), the Finance and Asset Liability Supervisory Committee ("ALCO") of the Board of Directors was dissolved with effect from January 19, 2023 and a Management level Asset - Liability Management Committee was constituted with roles and powers similar to the erstwhile ALCO.

Terms of reference

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

- Compliance with RBI Prudential Norms / directions/ guidelines for Asset Liability Management;
- Debt composition and plan of the Company for fund raising; and
- Resource Raising Policy of the Company.

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 (including changes) and the attendance details of meetings during FY 2022-23 is, as under:

Name of the Member(s)	Category	Member of committee since	No. of Meetings	
			Held	Attended
Mr. Sujit Kumar Varma	Chairman and Independent Director	May 05, 2022	2	2
Ms. Varsha Purandare	Independent Director	January 25, 2020	2	1
Mr. Rajiv Sabharwal	Non-Executive Director	May 1, 2018	2	2
Mr. Manish Chourasia	Managing Director	May 1, 2018	2	1
Mr. Nilesh Bafna	Business Chief Information Officer	October 12, 2021	2	2

Notes:

i. Mr. Sujit Kumar Varma was appointed as a Member and Chairman of the ITSC, with effect from May 05, 2022.

ii. Ms. Padmini Khare Kaicker ceased to be a Chairperson and Member of ITSC with effect from May 05, 2022.

Terms of reference

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

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

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 23, 2022 and March 24, 2023.

The composition of the CSR Committee (including changes) and the attendance details of meetings during FY 2022-23 is, as under:

Name of the Member(s)	Category	Member of Committee since	No. of Meetings	
			Held	Attended
Ms. Varsha Purandare	Chairperson and Independent Director	January 25, 2020	2	2
Ms. Padmini Khare Kaicker	Independent Director	April 21, 2015	1	1
Mr. Rajiv Sabharwal	Non-Executive Director	July 21, 2020	2	2
Mr. Manish Chourasia	Managing Director	January 25, 2020	2	2

Note:

i. Ms. Padmini Khare Kaicker ceased to be a Member of the CSR with effect from March 10, 2023, consequent upon her retirement as an Independent Director of the Company.

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

vii. Investment Credit Committee ("ICC")

Composition, Meetings and Attendance

During FY 2022-23, 18 (Eighteen) meetings of the ICC were held on the following dates: April 25, 2022, May 25, 2022, June 23, 2022, June 30, 2022, July 25, 2022, July 30, 2022, August 10, 2022, September 26, 2022, October 17, 2022, November 01, 2022, November 10, 2022, December 13, 2022, January 04, 2023, January 05, 2023 (Adjourned), January 30, 2023 , February 24, 2023, February 27, 2023, March 20, 2023 and March 29, 2023.

The composition of the ICC (including changes) and the attendance details of meetings during FY 2022-23 is, as under:

Name of the Member(s)	Category	Member of committee since	Number of Meetings (Including Adjourned Meeting)	
			Held	Attended
Ms. Varsha Purandare	Chairperson and Independent Director	January 25,2020	18	18
Mr. Sujit Kumar Varma	Independent Director	May 5, 2022	17	17
Ms. Padmini Khare Kaicker	Independent Director	July 26, 2019	1	1
Mr. Rajiv Sabharwal	Non-Executive Director	April 01, 2018	18	14
Mr. Manish Chourasia	Managing Director	January 25, 2020	18	18

<u>*Notes:*</u>

i. *Mr. Sujit Kumar Varma was appointed as a Member of ICC with effect from May 05, 2022.*
ii. Ms. Padmini Khare Kaicker ceased to be a Member of ICC with effect from May 05, 2022.

<u>Terms of reference</u>

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

– To approve / modify / disapprove financing / credit proposals (in line with credit policy), as per the authority granted by the Board to the Investment Credit Committee from time to time, in terms of the Board approved Delegation of Authority matrix (“DOA”);
– To approve of investments by way of Debentures / Commercial Paper, equity shares and preference shares, in terms of the Board approved treasury investment policy;
– To approve or modify or disapprove all Policies and Scheme notes on recommendation of the Credit Committee or such other Committees as may be formed pursuant to the Board approved DOA;
– To periodically review proposals approved by the Credit Committee or such other Committees as may be formed pursuant to the Board approved DOA, from time to time; and

– To approve the transactions pertaining to other lending activities such as Investments or Deposits, including Assignment of Portfolio with any related party, in terms of the Board approved Framework for Related Party Transactions.

viii. Stakeholders Relationship Committee ("SRC")

Composition, Meetings and Attendance

The Board of Directors of the Company based on the recommendation of Nomination and Remuneration Committee vide its Circular Resolution passed on May 04, 2022 constituted a SRC with effect from May 05, 2022.

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

The composition of the SRC Committee and the attendance details of meetings during FY 2022-23 is, as under:

Name of the Member(s)	Category	Member of Committee since	No. of Meetings	
			Held	Attended
Mr. Sujit Kumar Varma	Chairman and Independent Director	May 05, 2022	1	1
Mr. Rajiv Sabharwal	Non-Executive Director	April 21, 2015	1	1
Mr. Manish Chourasia	Managing Director	July 21, 2020	1	1

Terms of reference

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

The previous AGM of the Company was held on June 27, 2022 and was attended by Mr. Sujit Kumar Varma, Chairman of the SRC.

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

Mr. Rajesh Gosia
Company Secretary
11th Floor, Tower A, Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel, Mumbai 400 013
Telephone No.: (022) 6606 9000
Email: gosia.rajesh@tatacapital.com

b) *Investor Complaints:*

Details of Complaints received from the Debenture holders and redressed during the FY 2022-23 are, as follows:

Sr. No.	Description	Opening at the beginning of the Financial Year	Received during the Financial Year	Resolved during the Financial Year	Closing at the end of the Financial Year
1.	Complaints	Nil	Nil	Nil	Nil
	Total	**Nil**	Nil	Nil	**Nil**

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

IV. Remuneration of Directors

a. Non-Executive Directors

The Company paid Sitting fees to the Non-Executive Directors ("NED") and the Independent Directors ("IDs"), for attending meetings of the Board and the Committees of the Board. Further, the Company will pay Commission for the FY 2022-23, within the maximum prescribed limits to the Non-Executive Director and the 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 23, 2023. The details of the same are, as under:

Name	Sitting Fees paid for attending Board and Committee Meetings held during FY 2022-23 (Rs.)	Commission to be paid for FY 2022-23 (Rs.)
Ms. Varsha Purandare, Independent Director and Chairperson	11,20,000	30,00,000
Ms. Padmini Khare Kaicker, Independent director	4,60,000	18,50,000
Mr. Sujit Kumar Varma, Independent Director	9,70,000	27,50,000
Mr. Lodewijk Govaerts, Non – Executive Director	1,80 ,000	13,50,000

Notes:

i. *Mr. Sujit Kumar Varma was appointed as an Independent Director of the Company with effect from May 5, 2022. Accordingly, the Commission is paid to him on a pro-rata basis.*

ii. *Mr. Lodewijk Govaerts was appointed as a Non-Executive Director of the Company with effect from July 21, 2022. Accordingly, the Commission is paid to him on a pro-rata basis.*

iii. *Ms. Padmini Khare Kaicker, ceased to be an Independent Director of the Company, with effect from March 10, 2023, consequent upon her retirement. Accordingly, the Commission is paid to her on a pro-rata basis.*

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

Mr. Rajiv Sabharwal, Non-Executive Director, is the Managing Director & CEO of TCL, and he did not draw any remuneration from the Company.

The Remuneration Policy of the Company which, *inter alia,* lays down the criteria of making payments to non-executive directors is available on the website of Company at https://www.tatacapital.com/content/dam/tata-capital/tccl/TCCL-%20Remuneration%20Policy.pdf

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

b. Managing Director

During FY 2022-23, the Company paid remuneration to Mr. Manish Chourasia, Managing Director ("MD") 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. Chourasia is of five years from August 21, 2020 to August 20, 2025. The commission to the MD is determined inter alia based on the performance of the Company and the MD. The Employee Stock Options ("ESOPs") of Tata Capital Limited granted to the MD 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 may be terminated earlier by either party giving the other Party six months' notice of such termination or the Company paying six months' remuneration and any pro-rated incentive / commission (at the discretion of the Board), in lieu of such notice. There is no separate provision for payment of Severance fees.

V. General Body Meetings

a. Details of the last three Annual General Meetings of the Company:

Financial Year	Date	Time	Venue	Special Resolutions passed
2019-20	August 17, 2020	10:30 a.m.	Meeting conducted through Video Conference ("VC").	i. Alteration of Objects Clause in the Memorandum of Association of the Company
2020-21	June 23, 2021	10:30 a.m.	Meeting conducted through VC.	Nil
2021-22	June 27, 2022	11:30 a.m.	Meeting conducted through VC.	i. Approval for private placement of Non-Convertible Debentures

				ii. Appointment of Mr. Sujit Kumar Varma as an Independent Director of the Company iii. To approve payment of Commission to Non – Executive Directors and Independent Directors of the Company iv. To consider and approve payment of remuneration to Ms. Varsha Purandare (DIN: 05288076), Independent Director in excess of the limits prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

b. Extraordinary General Meeting ("EGM"):

During FY 2022-23, 2 (Two) EGMs were held through Video Conferencing on August 10, 2022 at 12.30 p.m. and December 20, 2022 at 04.30 p.m., respectively. At the EGM held on December 20, 2022, a special resolution was passed to approve the Borrowings limits of the Company and to create charge on the assets of the Company.

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.

VI. Means of Communication:

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

VII. General Information for Shareholders and Debenture holders

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai. The Corporate Identity Number ("CIN") allotted to the Company by the Ministry of Corporate Affairs is U65923MH2011PLC222430.

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

Debenture Trustees
IDBI Trusteeship Services Limited Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai - 400001. Website: www.idbitrustee.com, Tel: +91 22 4080 7000, Fax: +91 22 6631 1776. E-mail: itsl@idbitrustee.com
Registrar and Transfer Agents
Non – Convertible Debentures issued on a Private Placement basis
TSR Consultants Private Limited (Formerly known as TSR Darashaw Consultants Private Limited) C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400083 Website: www.tcplindia.co.in, Tel: +91 22 6656 8484, E-mail: csg-unit@tcplindia.co.in
Equity Shares
Kfin Technologies Limited Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032. Website: www.kfintech.com, Tel: +91 40-6716 2222, e-mail: einward.ris@kfintech.com

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

Date: June 27, 2023
Time: 11:30 A.M.
Venue:. Through Video Conferencing

iii. **Financial Year:** April 01, 2022 to March 31, 2023

iv. **Dividend Payment Date:** Not Applicable.

v. **Listing on Stock Exchange and Listing Fees:**

The 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 -400051

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

The Equity Shares of the Company are not listed.

vi. **Stock Code:**

NSE: Not Applicable*

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

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

The Company is a joint venture between TCL and International Finance Corporation (“IFC”), Washington D.C., USA, with equity holding in the ratio of 80.50:19.50, respectively.

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

All the Equity 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 INE857Q01011.

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:**

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

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

xvi. **Address for correspondence:**

Tata Cleantech Capital Limited
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. Further, the Company does not have any unclaimed or unpaid amounts.

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

VIII. <u>Other Disclosures:</u>

Particulars	Details
Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.	There are no material related party transactions during the year under review that have potential conflict with the interest of the Company.
- Details of non - compliance by the Company, penalty, strictures imposed on the Company by the Stock Exchange, or Securities and Exchange Board of India or any statutory authority on any matter related to capital markets, during the last three years. - Details of penalties or stricture imposed on the Company by the Reserve Bank of India or any other statutory authority. -	Nil Nil
Details of establishment of vigil mechanism / whistle blower policy, and affirmation that no personnel has been denied access to the Audit Committee.	The Company has a Whistle Blower Policy and has established necessary Vigil Mechanism for Directors and employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.
Details of compliance with mandatory requirements and adoption of the non-mandatory requirements.	Details of compliance with non-mandatory and mandatory requirements are mentioned in Point No. X and XI of this report, respectively.
Web link where policy for determining 'material' subsidiaries is disclosed.	The Company does not have any subsidiary company.
Web link where policy on dealing with related party transactions.	The Company has a policy on dealing with related party transactions which is disclosed on its website at https://www.tatacapital.com/content/dam/tata-capital/tccl/POLICY%20ON%20RELATED%20PARTY%20TRANSACTIONS.pdf
Disclosure of commodity price risks and commodity hedging activities.	Not Applicable

<table>
<tr><td></td><td></td></tr>
<tr><td>Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI Listing Regulations.</td><td>Not Applicable.</td></tr>
<tr><td>A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.</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 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 the Statutory Auditors for FY 2022-23 is, given below:
<table>
<tr><th>Particulars</th><th>Amount</th></tr>
<tr><td>Audit Fees</td><td>Rs. 19 lakh</td></tr>
<tr><td>Tax Audit Fees:</td><td>Rs. 1 lakh</td></tr>
<tr><td>Certification and other services</td><td>Rs. 2 lakh</td></tr>
<tr><td>Total</td><td>Rs. 22 lakh</td></tr>
</table>
(The above payments excluding out-of pocket, travelling and living expenses and Goods and Service tax).

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>Nil</td><td>Nil</td></tr>
</table></td></tr>
<tr><td>Disclosure by listed entity of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.</td><td>Nil</td></tr>
</table>

Familiarization Program	Details of familiarisation programmes imparted to Independent Directors is disclosed on its website at: https://www.tatacapital.com/content/dam/tata-capital/tccl/Familiarisation%20Programme%20for%20Independent%20Directors.pdf

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

Related Party Transactions ("RPTs")

During the year, the Company had entered into Material Related Party Transactions. In terms of Regulation 23(4) of the SEBI Listing Regulations, all material RPTs require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. In this connection, it is submitted that the the entire shareholding of the Company is held by Tata Capital Limited ("TCL") and International Finance Corporation ("IFC") in the ratio of 80.50:19.50 Accordingly, TCL and IFC are related parties of the Company and hence the requirement of only unrelated shareholders voting to approve material RPTs cannot be met. Hence, owing to the impossibility of complying with this voting requirement, the shareholders' approval could not be sought for the material RPTs entered into by the Company during FY 2022-23 and the explanation to the same was provided in the Corporate Governance Report filed with the Stock Exchange.

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

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

i. The Company has adopted regime of financial statement with unmodified audit opinion.

ii. The Company has appointed separate post of Chairman and the Managing Director such that Chairman is a Non-Executive Director and not related to the Managing Director.

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

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

As on March 31, 2023, the Company is in compliance with all the mandatory requirements specified in Regulation 17 to 27 of SEBI Listing Regulations. Further, the Company has provided 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.

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

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

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

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

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

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

Annexure I

CERTIFICATE

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

To,
The Members
Tata Cleantech Capital Limited

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Tata Cleantech Capital Limited** having **CIN No. U65923MH2011PLC222430** 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 Directors	DIN	Date of Appointment in Company*
1.	Ms. Varsha Purandare	05288076	25/01/2020
2.	Mr. Rajiv Sabharwal	00057333	01/04/2018
3.	Mr. Manish Chourasia	03547985	21/08/2015
4.	Mr. Sujit Kumar Varma	09075212	05/05/2022
5.	Mr. Lodewijk Govaerts	09581838	21/07/2022

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

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

For Parikh & Associates
Practising Company Secretaries

Sd/-

Anuja Parikh
Partner
ACS: 52927 CP: 21367
UDIN: A052937E000357890
PR No.: 1129/2021
Mumbai, May 23, 2023

DECLARATION BY THE MANAGING DIRECTOR

In accordance with Securities and Exchange Board of India (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 Cleantech Capital Limited**

Sd/-

Manish Chourasia
Managing Director

Place: Mumbai
Date: May 23, 2023

Annexure III

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members
Tata Cleantech Capital Limited

We have examined the compliance of the conditions of Corporate Governance by Tata Cleantech 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 made applicable to high value debt listed entities on comply or explain basis upto March 31, 2023, and the necessary explanation in the quarterly compliance report on Corporate Governance submitted to the Stock Exchange under Regulation 27(2)(a) of SEBI Listing Regulations.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2023 and had provided necessary explanation pertaining to compliance of 23 of SEBI Listing Regulations 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

Sd/-

Anuja Parikh
Partner
ACS: 52927 CP: 21367
UDIN: A052937E000357923
PR No.: 1129/2021
Mumbai, May 23, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Tata Cleantech Capital Limited

Report on the Audit of Ind AS Financial Statements

1. Opinion

We have audited the accompanying Ind AS financial statements of Tata Cleantech Capital Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS 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 Ind AS financial statements.

3. Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current year. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Impairment of loans and advances to customers** Charge: Rs. 3,844 Lakhs for year ended March 31, 2023, Provision: Rs. 15,161 Lakhs at March 31, 2023.	

	Refer to the accounting policies in "Note 2(xi) (a) to the Ind AS Financial Statements: Impairment", "Note 2(v) to the Ind AS Financial Statements: Significant Accounting Policies- use of estimates" and "Note 6 to the Ind AS Financial Statements: Loans, "Note 17 to the Financial Statements: Provisions", "Note 40A to the Ind AS Financial Statements: Financial Risk Review – Credit Risk", "Note 39 to the Ind AS Financial Statements: Risk Management Framework".	
	Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECL are: a) Data inputs – The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. b) Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Segmentation of Loan Book ("SLB"), Probabilities of Default ("PD"), Loss Given Default ("LGD") and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. c) Economic scenarios - Ind AS 109 requires the Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions.	**Our key audit procedures included:** **Design / controls** We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process. Key aspects of our controls testing involved the following: i) Evaluating the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109 and our business understanding. ii) Understanding management's updated processes, systems and controls implemented in relation to impairment allowance process. iii) Testing the 'Governance Framework' controls over validation, implementation, and model monitoring in line with the RBI guidance. iv) Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. v) Testing the design and operating effectiveness of the key controls over the application of the staging criteria. vi) Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. viii) Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs or data used in assessment and

<table>
<tr><td></td><td>Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them, including changes to methodology.
d) Qualitative adjustments - Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. Such overlay adjustments were assessed for each customer where the Company assessed a higher risk of default basis the borrower and promotors profile, project performance, counterparty and Debt Service Reserve Account (DSRA) available. The overlay provision represents approximately 32% of the ECL balances as at March 31, 2023 for the Stage 1 & 2 borrowers. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts.

The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Ind AS financial statements as a whole, and possibly many times of that amount. Management has made disclosures regarding ECL approach in the credit risk sections of the Ind AS Financial Statements. (Note 40 A (i)).</td><td>identification of Significant Increase in Credit Risk (‘SICR’) and staging of the assets.
ix) Testing management’s controls over authorization and calculation of post model adjustments and management overlays.
x) Testing management’s controls on compliance with Ind AS 109 disclosures related to ECL.
xi) Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations.
xii) Evaluated the appropriateness of the Company’s Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays).</td></tr>
<tr><td>2.</td><td colspan="2">Business model assessment

Assessment of business model for classification and subsequent measurement of financial assets

Financial assets (loans) classified at Amortised cost: Rs.10,09,302 lakhs as at March 31, 2023.</td></tr>
</table>

	Financial assets classified at Fair Value Through Other Comprehensive Income (‘FVOCI’): INR 37,067 lakhs at March 31, 2023. Refer to the accounting policies in ‘Note 2.xi to the Ind AS Financial Statements: Financial Instruments’ and ‘Note 2.v to the Ind AS Financial Statements: Significant Accounting Policies - use of estimates and judgments’	
	Classification and subsequent measurement of Financial assets - Business model assessment Ind AS 109, Financial Instruments contains three principal measurement categories for financial assets i.e.: i) Amortised cost; ii) FVOCI; and iii) Fair Value through Profit and Loss (‘FVTPL’). A financial asset is classified into a measurement category at inception and is reclassified only in rare circumstances. The assessment as to how an asset should be classified is made on the basis of both the entity’s business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The term ‘business model’ refers to the way in which the Company manages its financial assets in order to generate cash flows. That is, the Company’s business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.	**Our key audit procedures included:** i) Testing the ‘Governance Framework’ controls including assessing the design, implementation and operating effectiveness of key internal controls over management’s intent of purchasing a financial asset and the approval mechanism for such stated intent and classification of such financial assets on the basis of management’s intent (business model). ii) For financial assets classified at amortised cost, we tested controls over the classification of such assets and subsequent measurement of assets at amortised cost. Further, we tested key internal controls over monitoring /of such financial assets to check whether there have been any subsequent sales of financial assets classified at amortised cost. iv) Re-computation of fair value gain on account of fair valuation of financial assets measured at FVOCI. v) Selected a sample of financial assets to test whether their classification as at the balance sheet date is in accordance with management’s intent. vi) Selected a sample (based on quantitative thresholds) of financial assets sold during the year to check whether there have been any sales of financial assets classified at amortised cost.
3	**Information technology (“IT”)**	
	IT systems and controls The Company’s key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk	Our audit procedures to assess the IT system access management included the following: i) Tested a sample of key controls operating over the information technology in relation

	that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	to financial accounting and reporting systems, including system access and system change management, program development and computer operations. ii) Tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. iii) For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. iv)Evaluating the design, implementation, and operating effectiveness of the significant accounts- related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. v) Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

4. Information other than the Ind AS financial statements and Auditor's report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Annual Report but does not include the Ind AS financial statements and our auditor's report thereon. The Other information is expected to be made available to us after the date of our auditor's report.

Our opinion on the Ind AS financial statements does not cover the other information and we will not express any form of assurance thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

5. Management's responsibility for the Ind AS Financial Statements

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, Company's Board of Directors 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors of the Company at its meeting held on March 28, 2023, has approved the Scheme of Arrangement of merger ("the Scheme") with Tata Capital Limited ("TCL") 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, as may be applicable. Refer note 55 of the financial statements.

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

6. Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

i) Identify and assess the risks of material misstatement of the Ind AS 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.

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

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) 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 Company 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 Ind AS 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.

v) Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

7. Report on Other Legal and Regulatory Requirements

i) 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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

ii) As required by section 143 (3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of Ind AS Financial Statements.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The Company has disclosed the impact of pending litigations on the financial position in its Ind AS financial statements – Refer Note 30 to the Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 48(v) to the Ind AS Financial Statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company 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, 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;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has neither declared nor paid any dividend during the year.

vi. 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.

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn. No. 106655W

Sd/-

(S.M. Chitale)
Partner
M. No. 111383

UDIN: 23111383BGTWFN4171

Date: April 20, 2023
Place: Mumbai

Annexure 1 to the Independent Auditor's Report of even date on the Ind AS financial statements of Tata Cleantech Capital Limited

Referred to in paragraph [7(i)] under Report on Other Legal and Regulatory Requirements of our report of even date

According to the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, Capital Work in Progress, Right-of-use Assets and Investment Property.
B) The Company has maintained proper records showing full particulars of intangible assets.

b) The Company has a program of verification of Property, Plant and Equipment, Capital Work in-Progress, Investment Property and Right-of-use Assets so to cover all the items once every 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain items of Property, Plant and Equipment were due for verification and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) The title deed of immovable property included in Investment Property is held in the name of the Company.

d) The Company has not revalued its Property, Plant and Equipment (including Right-of -Use assets) during the year.

e) No proceedings have been initiated or is pending against the Company during the year for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) a) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii)(a) of the Order, are not applicable to the Company.

b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs.5 crores, in aggregate, at points of time during the year, from banks and financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

(iii) The Company has made investments in, provided guarantees (letter of comfort) and granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

a) The Company's principal business is to give loans, and hence reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

b) The principal business of the Company is to give loans. The investments made, guarantees provided (letter of comfort) and the terms and conditions of grant of all loans during the year are, in our opinion, prima facie, not prejudicial to the Company's interest. The Company has not provided any advances in the nature of loans or given security. The Company has provided interest free loan of Rs. 50 lakhs to TCL Employee Welfare Trust. According to information and explanations provided to us by the management, the interest free loan is provided to the TCL Employee Welfare Trust towards welfare of employees and accordingly the terms and conditions of such loan are not prejudicial to the Company's interest.

c) The Company has stipulated the schedule of repayment of principal and payment of interest. Since the principal business of the Company is to give loans, there are customers who are regular and do not have any overdue amount towards their loan and there are customers who have overdue of loan as at the balance sheet date.

d) In respect of following loans granted by the Company, which have been overdue for more than 90 days at the balance sheet date, as explained to us, the Management has taken reasonable steps for recovery of the principal amounts and interest:

No. of cases	Principal amount outstanding	Interest overdue	Total outstanding	Remarks, if any
1 Borrower	Rs. 5,405 Lakhs	Rs. 1,266 Lakhs	Rs. 6,671 Lakhs	-

e) The principal business of the Company is to give loans and hence reporting under clause (iii)(e) of the Order is not applicable.

f) The Company has granted loans which are repayable on demand to TCL Employee Welfare Trust, the details of which are given below:

Particulars	All Parties	Promoters	Related Parties
Borrower Aggregate of loans - Repayable on demand (A) - Agreement does not specify any terms or period of repayment (B)	-	-	Rs. 50 Lakhs -
Total (A+B)	-	-	Rs. 50 Lakhs
Percentage of loans to the total loans	-	-	0.01%

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, made investments or provided guarantees and securities which attract the provisions of section 185. Further, the Company has complied with the provisions of Section 186 of the Act in respect of the investments made, or guarantees or security provided by it, to the extent applicable.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the services of the Company.

(vii) a) Undisputed statutory dues including provident fund, income-tax, goods and service tax, employees' state insurance, cess and other material statutory dues have been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues of excise duty, service tax, duty of customs and value added tax.

b) According to the information and explanations given to us, there were no undisputed dues in respect of provident fund, income-tax, goods and service tax, employees' state insurance, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues of excise duty, service tax, duty of customs and value added tax.

c) According to the records of the Company, the dues outstanding of income-tax, sales tax, goods and service tax, duty of customs, value added tax, service tax and cess on account of any dispute, are as follows:

Name of the statute	**Nature of the dues**	**Amount (Rs. Lakhs)**	**Period to which the amount relates [financial year]**	**Forum where dispute is pending**
The Income Tax Act, 1961	Income Tax	449	April 2015 to March 2016	Assessing Officer
The Income Tax Act, 1961	Income Tax	24	April 2019 to March 2020	Assessing Officer

Note 1: No amount has been paid under protest against said demand of Income tax.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year.

(ix) a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to banks or financial institutions or government.

b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application of term loans.

d) On an overall examination of the Ind AS financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

e) The Company did not have any subsidiary or associate or joint venture during the year and hence reporting under clause (ix)(e) of the Order is not applicable to the Company.

f) The Company did not have any subsidiary or associate or joint venture during the year and hence reporting under clause (ix)(f) of the Order is not applicable to the Company.

(x) a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3 (x)(a) of the Order is not applicable to the Company.

b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

(xi) a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report by the Statutory Auditors of the Company.

c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

(xii) The Company is not a nidhi company and hence reporting under clause 3 (xii)(a) to 3 (xii)(c) of the Order are not applicable to the Company.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date of our audit report, in determining the nature, timing and extent of our audit procedures.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of the Act.

(xvi) a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

b) The Company has conducted the Non-Banking Financial activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934. The Company has not conducted any Housing Finance activities and is not required to obtain CoR for such activities from the RBI.

c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence reporting under paragraph 3 (xvi)(c) is not applicable to the Company.

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 cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(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 Ind AS 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 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. Further, attention is drawn to Note 55 of the Ind AS financial statements which describes scheme of Arrangement of merger ("the Scheme") of the Company with Tata Capital Limited ("TCL") 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, as may be applicable. The Scheme will become effective upon fulfilment of all the conditions set out in the Scheme including approval from relevant authorities. Upon the Scheme becoming effective, TCL will carry on all the business activities undertaken by TCCL as an NBFC. From the appointed date to effective date, the said businesses would continue to be carried on by TCCL for and on behalf of TCL.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn. No. 106655W

Sd/-
(S.M. Chitale)
Partner
M. No. 111383
UDIN: 23111383BGTWFN4171
Date: April 20, 2023
Place: Mumbai

Annexure 2 to the Independent Auditor's Report of even date on the Ind AS financial statements of Tata Cleantech Capital Limited

Referred to in paragraph [7(ii)(f)] under Report on Other Legal and Regulatory Requirements of our report of even date

Report on the Internal Financial Controls With reference to Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls with reference to Ind AS Financial Statements of Tata Cleantech Capital Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India" (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

   Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS Financial Statements included obtaining an understanding of internal financial controls with reference to Ind AS 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 judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

   We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Ind AS Financial Statements.

Meaning of Internal Financial Controls with reference to Ind AS Financial Statements

4. A company's internal financial control with reference to Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS 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 Ind AS 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 theInd AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to Ind AS Financial Statements

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

Opinion

6. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS Financial Statements and such internal financial controls with reference to Ind AS Financial Statements were operating effectively as at March 31, 2023, based on the internal control with reference to Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to Ind AS Financial Statements issued by the Institute of Chartered Accountants of India.

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn. No. 106655W

Sd/-

(S.M.Chitale)
Partner
M. No. 111383
UDIN: 23111383BGTWFN4171
Date: April 20, 2023
Place: Mumbai

Tata Cleantech Capital Limited

Balance Sheet

as at March 31, 2023

(Rs. in lakh)

PARTICULARS	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
I Financial assets			
a) Cash and cash equivalents	*3*	**5,287**	15,053
b) Bank balances other than (a) above		**-**	-
c) Derivative financial instruments	*4*	**1,686**	2,475
d) Receivables			
(i) Trade receivables	*5*	**-**	4
(ii) Other receivables		**-**	-
e) Loans	*6*	**10,26,801**	7,69,342
f) Investments	*7*	**85,183**	56,057
g) Other financial assets	*8*	**183**	314
Total Financial assets		**11,19,140**	8,43,245
II Non-financial assets			
a) Current tax assets (Net)	*9*	**-**	1,903
b) Deferred tax assets (Net)	*9*	**3,897**	3,077
c) Investment Property	*10*	**191**	201
d) Property, plant and equipment	*10*	**108**	91
e) Intangible assets under development	*10*	**156**	2
f) Other intangible assets	*10*	**10**	7
g) Right of use assets	*37*	**212**	32
h) Other non-financial assets	*11*	**131**	130
Total Non-financial assets		**4,705**	5,443
Total Assets		**11,23,845**	8,48,688
LIABILITIES AND EQUITY			
LIABILITIES			
I Financial liabilities			
a) Derivative financial instruments	*4*	**5,832**	4,176
b) Payables			
(i) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	*12*	**8**	8
Total outstanding dues of creditors other than micro enterprises and small enterprises	*12*	**1,145**	737
(ii) Other payables			
Total outstanding dues of micro enterprises and small enterprises		**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		**-**	-
c) Debt Securities	*13*	**2,91,203**	2,42,555
d) Borrowings (Other than debt securities)	*14*	**5,74,507**	3,78,070
e) Subordinated liabilities	*15*	**52,795**	52,807
f) Lease liabilities	*37*	**152**	29
g) Other financial liabilities	*16*	**1,084**	929
Total Financial liabilities		**9,26,726**	6,79,311
II Non-Financial liabilities			
a) Current tax liabilities (Net)	*9*	**459**	854
b) Provisions	*17*	**550**	609
c) Other non-financial liabilities	*18*	**411**	232
Total Non-financial liabilities		**1,420**	1,695

Tata Cleantech Capital Limited

Balance Sheet

as at March 31, 2023

(Rs. in lakh)

PARTICULARS	Note	As at March 31, 2023	As at March 31, 2022
II Equity			
a) Equity Share capital	*19*	**45,929**	45,929
b) Other equity	*20*	**1,49,770**	1,21,753
Total Equity		**1,95,699**	1,67,682
Total Liabilities and Equity		**11,23,845**	8,48,688
Summary of significant accounting policies	*2*		
See accompanying notes forming part of the financial statements	*57*		

As per our report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
Firm's Registration No: 106655W

For and on behalf of the Board of Directors
Tata Cleantech Capital Limited

Saurabh M Chitale
Partner
Membership No: 111383
Mumbai

Rajiv Sabharwal
(Director)
DIN: 00057333
Mumbai

Sujit Kumar Varma
(Director)
DIN: 09075212
Mumbai

Varsha Purandare
(Director)
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Lodewijk Govaerts
(Director)
DIN: 09581838
Amsterdam

Manish Chourasia
(Managing Director)
DIN: 03547985
Mumbai

Behzad Bhesania
(Chief Financial Officer)
Mumbai

Rajesh Gosia
(Company Secretary)
Mumbai

April 20, 2023

Tata Cleantech Capital Limited

Statement of Profit and Loss

for the year ended March 31, 2023

(Rs. in lakh)

	PARTICULARS	***Note***	**For the year ended March 31, 2023**	For the year ended March 31, 2022
I	**Revenue from operations**			
	(i) Interest income	*21*	**99,710**	67,671
	(ii) Fees and commission income	*22*	**1,498**	1,809
	(iii) Net gain on fair value changes	*23*	**1,265**	928
			1,02,473	70,408
II	**Other income**	*24*	**80**	10
III	**Total Income (I+II)**		**1,02,553**	70,418
IV	**Expenses**			
	(i) Finance costs	*25*	**54,529**	35,243
	(ii) Impairment on financial instruments	*26*	**3,844**	2,780
	(iii) Employee benefit expenses	*27*	**3,635**	3,065
	(iv) Depreciation, amortisation and impairment	*10*	**114**	108
	(v) Other expenses	*28*	**3,370**	2,357
	Total expenses (IV)		**65,492**	43,553
V	**Profit before exceptional items and tax (III-IV)**		**37,061**	26,865
VI	**Exceptional Items**		**-**	-
VII	**Profit before tax (V-VI)**		**37,061**	26,865
VIII	**Tax expense**			
	(i) Current tax	*9*	**10,052**	7,121
	(ii) Deferred tax - Charge / (Credit)	*9*	**(843)**	(637)
	Total tax expense (i + ii)		**9,209**	6,484
IX	**Profit for the year (VII-VIII)**		**27,852**	20,381

Tata Cleantech Capital Limited

Statement of Profit and Loss

for the year ended March 31, 2023

(Rs. in lakh)

PARTICULARS		Note	For the year ended March 31, 2023	For the year ended March 31, 2022
X	**Other Comprehensive Income**			
(i)	**Items that will be reclassified subsequently to statement of profit and loss**			
(a)	Fair value (loss) / gain on financial assets carried at Fair Value Through Other Comprehensive Income (FVTOCI)		**(201)**	(931)
(b)	Income tax relating to fair value gain / (loss) on financial assets carried at FVTOCI		**51**	234
(c)	The effective portion of gains and loss on hedging instruments in a cash flow hedge		**292**	849
(d)	Income tax relating to effective portion of gains and loss on hedging instrument in a cash flow hedge		**(73)**	(214)
ii)	**Items that will not be reclassified subsequently to statement of profit and loss**			
(a)	Remeasurement of defined employee benefit plans		**(56)**	-
(b)	Income tax relating to items that will not be reclassified to profit or loss		**14**	-
	Total Other Comprehensive Income (i + ii)		**27**	(62)
XI	**Total Comprehensive Income for the year (IX+X) (Comprising Profit and Other Comprehensive Income for the year)**		**27,879**	20,319
XII	**Earnings per equity share (Face value : Rs. 10 per share):**			
(i)	**Basic (Rs.)**		**6.06**	4.81
(ii)	**Diluted (Rs.)**		**6.06**	4.81

Summary of significant accounting policies	*2*	
See accompanying notes forming part of the financial statements	*57*	

As per our report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
Firm's Registration No: 106655W

Saurabh M Chitale
Partner
Membership No: 111383
Mumbai

Rajiv Sabharwal
(Director)
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(Chief Financial Officer)
Mumbai

Rajesh Gosia
(Company Secretary)
Mumbai

April 20, 2023

Tata Cleantech Capital Limited

Statement of Cash Flow

for the year ended March 31, 2023

(Rs. in lakh)

Particulars	***Note***	**For the year ended March 31, 2023**	For the year ended March 31, 2022
1 CASH FLOW USED IN FROM OPERATING ACTIVITIES (A)			
Profit before tax		**37,061**	26,865
Adjustments for :			
Depreciation and amortisation		**114**	108
Finance cost		**54,529**	35,243
Interest income		**(99,710)**	(67,671)
Net gain on fair value changes			
- Realised		**(1,232)**	(921)
- Unrealised		**(33)**	(7)
Provision for leave encashment		**13**	(5)
Provision against trade receivables		**-**	1
Provision for long-term service award		**1**	-
Share based payments- Equity-settled		**169**	117
Impairment loss allowance on financial instruments		**3,844**	2,779
Interest paid		**(46,916)**	(28,134)
Interest received		**96,058**	62,784
Operating Profit before working capital changes		**43,898**	31,159
Adjustments for :			
Decrease in trade receivables		**4**	9
Increase in loans		**(2,58,069)**	(1,51,932)
Increase in other financial / non-financial assets		**(88)**	(56)
Increase in other financial/ non financial liabilities / trade payables / provisions		**707**	242
Cash used in operations		**(2,13,548)**	(1,20,578)
Taxes paid (net off refunds)		**(8,529)**	(7,050)
NET CASH USED IN OPERATING ACTIVITIES (A)		**(2,22,077)**	(1,27,628)
2 CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (including capital advances)		**(221)**	(66)
Purchase of investments		**(72,696)**	(24,488)
Proceeds from sale of investments		**62,702**	20,100
Purchase of mutual fund units		**(57,65,212)**	(26,04,379)
Proceeds from redemption of mutual fund units		**57,47,445**	25,59,292
NET CASH GENERATED USED IN INVESTING ACTIVITIES (B)		**(27,982)**	(49,541)

Tata Cleantech Capital Limited

Statement of Cash Flow
for the year ended March 31, 2023

(Rs. in lakh)

Particulars	***Note***	**For the year ended March 31, 2023**	For the year ended March 31, 2022
3 CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares		**-**	31,003
Payment of ancillary borrowing cost / share issue expenses		**(713)**	(320)
Proceeds from borrowings (other than debt securities)		**4,80,319**	2,93,019
Proceeds from debt securities		**2,94,364**	1,92,032
Repayment of borrowings (other than debt securities)		**(2,83,041)**	(2,36,884)
Repayment of debt securities		**(2,50,684)**	(1,10,000)
Repayment of lease liabilities		**48**	(60)
NET CASH GENERATED FROM FROM FINANCING ACTIVITIES (C)		**2,40,293**	1,68,790
NET DECREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		**(9,766)**	(8,379)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		**15,053**	23,432
CASH AND BANK BALANCES AS AT THE END OF THE YEAR [REFER NOTE NO. 3.1]		**5,287**	15,053
Summary of significant accounting policies	*2*		
See accompanying notes forming part of the financial statements	*57*		

As per our report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
Firm's Registration No: 106655W

For and on behalf of the Board of Directors
Tata Cleantech Capital Limited

Saurabh M Chitale
Partner
Membership No: 111383
Mumbai

Rajiv Sabharwal
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(Chief Financial Officer)
Mumbai

Rajesh Gosia
(Company Secretary)
Mumbai

April 20, 2023

Tata Cleantech Capital Limited

Statement of Changes in Equity

for the year ended March 31, 2023

(Rs. in lakh)

A Equity share capital

Particulars	Rs. in Lakh
Balance as at April 1, 2021	38,802
Changes in equity share capital due to prior period errors	-
Restated balance as at April 1, 2021	38,802
Changes in equity share capital during the year	7,127
Balance as at March 31, 2022	**45,929**
Balance as at April 1, 2022	45,929
Changes in equity share capital due to prior period errors	-
Restated balance as at April 1, 2022	45,929
Changes in equity share capital during the year	-
Balance as at March 31, 2023	**45,929**

B Other equity

Particulars	Reserves and surplus						Other items of Other Comprehensive Income			Total other equity
	Securities premium	Special Reserve Account u/s 45-IC of Reserve Bank of India Act, 1934	Special Reserve Account u/s 36(1)(viii) of Income tax Act, 1961	Share options outstanding account	General Reserve	Retained earnings	Cost of hedge reserve	Remeasurement of defined benefit liability /asset	Fair value gain / (loss) on Financial Assets carried at FVTOCI	
Balance as at April 1, 2021	22,029	11,085	8,211	201	22	35,012	(302)	(25)	1,210	**77,443**
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2021	22,029	11,085	8,211	201	22	35,012	(302)	(25)	1,210	**77,443**
Profit for the year	-	-	-	-	-	20,381	-	-	-	**20,381**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	635	-	(697)	**(62)**
Total	**22,029**	**11,085**	**8,211**	**201**	**22**	**55,393**	**333**	**(25)**	**513**	**97,762**
Share based payment expense	-	-	-	117	-	-	-	-	-	**117**
Premium on issue of Equity Shares	23,876	-	-	-	-	-	-	-	-	**23,876**
Share issue expense	(2)	-	-	-	-	-	-	-	-	**(2)**
Transfer to Special Reserve Account	-	4,076	1,623	-	-	(5,699)	-	-	-	-
Balance as at March 31, 2022	**45,903**	**15,161**	**9,834**	**318**	**22**	**49,694**	**333**	**(25)**	**513**	**1,21,753**
Balance as at April 1, 2022	45,903	15,161	9,834	318	22	49,694	333	(25)	513	**1,21,753**
Changes in accounting policy / prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance as at April 1, 2022	45,903	15,161	9,834	318	22	49,694	333	(25)	513	**1,21,753**
Profit for the year	-	-	-	-	-	27,852	-	-	-	**27,852**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	219	(42)	(150)	**27**
Total	**45,903**	**15,161**	**9,834**	**318**	**22**	**77,546**	**552**	**(67)**	**363**	**1,49,632**
Transfer to General Reserve	-	-	-	(13)	13	-	-	-	-	-
Share based payment expense	-	-	-	138	-	-	-	-	-	**138**
Transfer to Special Reserve Account	-	5,570	966	-	-	(6,536)	-	-	-	-
Balance as at March 31, 2023	**45,903**	**20,731**	**10,800**	**443**	**35**	**71,010**	**552**	**(67)**	**363**	**1,49,770**

Summary of significant accounting policies *2*

See accompanying notes forming part of the financial statements *57*

As per our report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
Firm's Registration No: 106655W

For and on behalf of the Board of Directors
Tata Cleantech Capital Limited

Saurabh M Chitale
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(Company Secretary)
Mumbai

April 20, 2023

1. CORPORATE INFORMATION

Tata Cleantech Capital Limited (the "Company") is a subsidiary of Tata Capital Limited and a Systemically Important Non-Deposit Accepting Non-Banking Finance Company(“NBFC”), holding a Certificate of Registration from the Reserve Bank of India (“RBI”) received on October 19, 2012. The Company has received the Certificate of Registration as a "Infrastructure Finance Company" from RBI dated October 15, 2015. The Company is engaged in the business of providing finance and advisory services for renewable energy, energy efficiency and water management projects. 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 AND SIGNFICANT ACCOUNTING POLICIES

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") (as amended), other relevant provisions of the Act, guidelines issued by the Reserve Bank of India as applicable to an NBFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS required a change in the accounting policy hitherto in use. The financial statements were authorised for issue by the Board of Directors (BOD) on April 20, 2023.

ii. Presentation of financial statements

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

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

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

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

iii. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of entering into the transaction.

iv. Measurement of fair values:

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

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

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

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

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

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

The levels are described as follows:

a) Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date
b) Level 2: inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
c) Level 3: inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at the measurement date.

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

Refer notes 38A and 38B

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

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

v. Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires the management of the Company to make judgements, assumptions and estimates that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses for the reporting period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been disclosed as applicable in the respective notes to accounts. Accounting estimates could change from period to period. Future results could differ from these estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effect are disclosed in the notes to the financial statements.

Judgements:

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

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

Assumptions and estimation of uncertainties:

Information about assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2023 are included (but not limited) in the following notes:

- Note xii **-** impairment test of non-financial assets: key assumption underlying recoverable amounts.
- Note xi **-** The Company’s EIR methodology: rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/taken
- Note xii **-** useful life of property, plant, equipment and intangibles.
- Note xvii **-** Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions
- Note xix – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

- Note xiii – measurement of defined benefit obligations: key actuarial assumptions.
- Note 38A and Note 38B – determination of the fair value of financial instruments with significant unobservable inputs.
- Note 40A(iii) – impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition, assumptions used in estimating recoverable cash flows and incorporation of forward-looking information in the measurement of expected credit loss (ECL). The weights assigned to different scenarios for measurement of forward looking ECL, i.e. best case, worst case and base case also requires judgement.

vi. Interest

Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Interest income is recognised using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset.

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

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

The ‘amortised cost’ of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

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

The Company recognises the fee and commission income not integral to EIR under Ind AS 109 in accordance with the terms of the relevant customer contracts / agreement and when it is probable that the Company will collect the consideration for items.

Revenue in the form of income from financial advisory (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at the transaction price allocated to the 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.

Fees for financial advisory services are accounted as and when the service is rendered, provided there is reasonable certainty of its ultimate realisation.

Other Income includes branch advertising, represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract

viii. Dividend income

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

ix. Leases

Asset taken on lease:

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

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

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use asset is subsequently measured at cost less any accumulated depreciation and accumulated impairment loss, if any, and adjusted for certain re-measurements of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date to the end of the lease term. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss. When a right-of-use asset meets the definition of investment property, it is presented in investment property.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

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

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost 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.

xi. Financial Instruments

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

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

a) Financial assets
Classification

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

1) amortised cost;
2) fair value through other comprehensive income (FVTOCI); or
3) fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

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

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

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

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

Assessment whether contractual cash flows are solely payments of principal and interest

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

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

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

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss. The transaction costs and fees are also recorded related to these instruments in the statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit or loss.
Financial assets (other than Equity Investments) at 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 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 Asset

Impairment approach

Overview of the Expected Credit Losses (ECL) principles

The Company records allowance for expected credit losses for all loans (including those classified as measured at 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 40 A(iii).

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

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

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

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

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

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

Stage 3: Loans considered credit-impaired. A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Further if the customer has requested forbearance in repayment terms, such restructured, rescheduled or renegotiated accounts are also classified as Stage 3. Non-payment on another obligation of the same customer is also considered as a stage 3. Defaulted accounts include customers reported as fraud in the Fraud Risk Management Committee. Once an account defaults as a result of the Day Past Due condition, it will be considered to be cured only when entire arrears of interest and principal are paid by the borrower. The Company records an allowance for the LTECLs.

Undrawn loan commitments

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

Financial guarantee contract:

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

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:
• the amount of the loss allowance determined in accordance with Ind AS 109; and
• 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 an contractual or Portfolio EIR as the case may be.

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

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

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

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information (Refer Note 40 A (iii)).

Impairment of Trade receivable and Operating lease receivable

Impairment allowance on trade receivables is made on the basis of life time credit loss method, in addition to specific provision considering the uncertainty of recoverability of certain receivables.

Write-off

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

Collateral valuation and repossession

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

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

Presentation of ECL allowance for financial asset:

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

Modification and De-recognition of financial assets

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract.
Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

1) the rights to receive cash flows from the asset have expired, or
2) the Company has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of ownership of the asset, or the Company has neither

transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

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

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

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

Securitization and Assignment

In case of transfer of loans through securitisation and direct assignment transactions, the transferred loans are de-recognised and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract.
In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

Financial liability 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 of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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

Financial liabilities

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

Classification

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

De-recognition of financial liabilities

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

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.
No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

b) Derivative Financial Instruments

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

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

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with its floating rate borrowings arising from changes in interest rates and exchange rates.
At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

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

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

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

c) Cash, Cash equivalents and bank balances

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

xii. Property, plant and equipment (PPE)

a) PPE

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

b) Capital work-in-progress

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

c) Other Intangible assets

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

d) Intangible assets under development

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

e) Depreciation and Amortisation

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

Depreciation on tangible property, plant and equipment deployed for own use has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of buildings, computer equipment, office equipment and vehicles, in whose case the life of the assets has been assessed based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, etc. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis. Depreciation for additions to/deductions from owned assets is calculated pro rata to the remaining period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life. All capital assets with individual value less than Rs. 5,000 are depreciated fully in the year in which they are purchased.

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

Estimated useful life considered by the Company for the owned assets are:

Asset	Estimated Useful Life
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

f) Investment property

Properties held to earn rentals and/or capital appreciation are classified as Investment properties and measured and reported at cost, including transaction costs. Subsequent to initial recognition its measured at cost less accumulated depreciation and accumulated impairment losses, if any. When the use of an existing property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

g) Impairment of assets

Upon an observed trigger, 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

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.

xiii. Employee Benefits

Defined Employee benefits include superannuation fund and provident fund.

Defined contribution benefits include gratuity 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.

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 as specified under the law are paid to provident fund administered by the Regional Provident Fund Commissioner.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. As per Ind AS 19, the service cost and the net interest cost are charged to the Statement of Profit and Loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income. Past service cost is recognised immediately to the extent that the benefits are already vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

'The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the reporting period in which the employee renders the related service.
The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long term service awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.
The obligation is measured on the basis of actuarial valuation using Projected unit credit method and remeasurements gains/ losses are recognised in P&L in the period in which they arise.

Share based payment transaction

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

xiv. Foreign currency transactions

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

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

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

xv. Operating Segments

The Company's main business is financing by way of loans to corporate borrowers in India in the solar, windmill and other infrastructure space.
The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors.

xvi. 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

xvii. 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.

xviii. 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.

xix. Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

Contingent assets/liabilities

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are not recognised in the financial statements.

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

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

xx. 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

xxi. 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.

xxii. 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.

xxiii. Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) on March 31, 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 April 01, 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.

xxiv. 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 the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

3 CASH AND CASH EQUIVALENTS

PARTICULARS	**As at March 31, 2023**	As at March 31, 2022
a) Balances with banks in current accounts	**5,287**	5,052
b) Balances with banks in deposits accounts	-	10,001
TOTAL	**5,287**	**15,053**

3.1 Of the above, the balance that meet the definition of Cash and Cash Equivalents as per Ind AS 7 Cash Flow Statement is Rs. 5,287 lakh (March 31, 2022 : 15,053 lakh)

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

4 DERIVATIVE FINANCIAL INSTRUMENTS

As at March 31, 2023

Derivatives held for cash flow hedge	Notional value USD (in mn)	Notional value JPY (in mn)	Notional value	Fair value assets	Fair value liabilities
Foreign exchange forward	165	3,190	33,295	3	5,832
Interest rate swap*	-	-	-	276	-
Cross currency interest rate swap	55	-	45,162	1,407	-
Total	**220**	**3,190**	**78,457**	**1,686**	**5,832**

*Interest rate swap has been taken in respect of the same contract for which forward contract has been entered, accordingly notional value of interest rate swap is not shown separately.

As at March 31, 2022

Derivatives held for cash flow hedge	Notional value USD (in mn)	Notional value JPY (in mn)	Notional value	Fair value assets	Fair value liabilities
Foreign exchange forward	-	3,222	19,969	-	4,176
Cross currency interest rate swap	40	-	30,208	2,475	-
Total	**40**	**3,222**	**50,177**	**2,475**	**4,176**

4.1 Disclosure of effects of hedge accounting on financial performance and exposure to foreign currency

PARTICULARS	INR USD - Forward exchange contracts as at March 31		INR JPY Forward exchange contracts as at March 31		INR USD Currency Swaps as at March 31	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Notional amount	13,564	-	19,731	19,969	45,162	30,208
Carrying amount of hedging instruments assets	3	-	-	-	1,407	2,475
Carrying amount of hedging instruments liabilities	(76)	-	(5,756)	(4,176)	-	-
Weighted average contract / strike price of the hedging instrument	88	-	1	1	80	69
Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness profit / (loss)	(73)	-	(5,756)	(4,176)	1,407	2,475

Hedged item

PARTICULARS	FCY Term	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	1,247	137
Cost of hedge reserve as at	(3,189)	(1,577)

4.2 The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income

PARTICULARS	For the year ended March 31, 2023	For the year ended March 31, 2022
Hedging gains or (losses) recognised in other comprehensive income		
Forward exchange contracts and Currency swaps	(1,612)	(510)
Hedge ineffectiveness recognised in statement of profit and (loss)		
Forward exchange contracts and Currency swaps	-	-

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

PARTICULARS	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Balance	333	(302)
Effective portion of changes in fair value Currency Swap	(1,068)	1,354
Effective portion of changes in fair value Interest rate risk	276	-
Effective portion of changes in fair value Cap	-	30
Effective portion of changes in fair value foreign currency risk	(1,654)	(2,269)
Foreign currency translation differences on loan	1,110	407
Foreign currency translation differences on interest	-	(2)
Amortisation of forward premium	1,629	1,329
Tax on movements on reserves during the period	(73)	(214)
Closing Balance	**553**	**333**

4.4 Average interest rate:
- Interest rate swap: 7.31% (March 31, 2022: 0.95%)
- Cross currency swap: 8.04% (March 31, 2022: 7.81%)

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

5 TRADE RECEIVABLES

PARTICULARS	As at March 31, 2023	As at March 31, 2022
a) Receivables considered good - Secured	-	-
b) Receivables considered good - Unsecured	-	4
c) Receivables which have significant increase in Credit Risk	-	-
d) Receivables - credit impaired	-	-
	-	4
Less: Allowance for impairment loss		
a) significant increase in credit risk	-	-
b) credit impaired	-	-
TOTAL	-	4

5.1 Trade receivables include amounts due from the related parties Rs. Nil (March 31, 2022: Rs. Nil)

5.2 Trade receivables are non-interest bearing and are generally on terms of 3 months to 1 year.

5.3

PARTICULARS	As at March 31, 2023							
	Unbilled Dues	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

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

PARTICULARS	As at March 31, 2022							
	Unbilled Dues	Not Due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	-	4	-	-	-	-	4
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	-	-	4	-	-	-	-	4

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

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

6 LOANS

PARTICULARS	As at March 31, 2023	As at March 31, 2022
A) Amortised Cost		
a) Term Loans	**9,45,546**	6,89,376
b) Credit Substitutes (refer note no. 6.1 below)	**63,706**	57,820
c) Loan to TCL Employee Welfare Trust (refer note no. 6.5 below)	**50**	50
At fair Value Through Other Comprehensive Income		
a) Term Loans	**37,067**	36,777
Gross Loans	**10,46,369**	7,84,023
Less : Impairment loss allowance		
a) Stage I & II (Note32)	**11,223**	8,869
b) Stage III	**3,513**	2,154
Loans net of impairment loss allowance	**10,31,633**	7,73,000
Less : Revenue received in Advance	**4,832**	3,658
Total A	**10,26,801**	**7,69,342**
B) Amortised Cost		
a) Secured by tangible assets	**10,04,287**	7,47,196
b) Unsecured	**5,015**	50
At fair Value Through Other Comprehensive Income		
a) Secured by tangible assets	**37,067**	36,777
Gross Loans	**10,46,369**	7,84,023
Less : Impairment loss allowance		
a) Stage I & II	**11,223**	8,869
b) Stage III	**3,513**	2,154
Loans net of impairment loss allowance	**10,31,633**	7,73,000
Less : Revenue received in Advance	**4,832**	3,658
Total B	**10,26,801**	**7,69,342**
C) Amortised Cost		
a) Public Sector	**20,381**	15,353
b) Others (refer note no. 6.5 below)	**9,88,921**	7,31,893
At fair Value Through Other Comprehensive Income		
a) Others (refer note no. 6.6 below)	**37,067**	36,777
Gross Loans	**10,46,369**	7,84,023
Less : Impairment loss allowance		
a) Stage I & II	**11,223**	8,869
b) Stage III	**3,513**	2,154
Loans net of impairment loss allowance	**10,31,633**	7,73,000
Less : Revenue received in Advance	**4,832**	3,658
Total C	**10,26,801**	**7,69,342**
D) Amortised Cost		
a) Secured	**9,69,898**	7,09,416
b) Unsecured	**5,015**	50
c) Significant increase in Credit Risk	**28,984**	31,858
d) Credit Impaired	**5,405**	5,922
At fair Value Through Other Comprehensive Income		
a) Secured	**37,067**	36,777
Gross Loans	**10,46,369**	7,84,023
Less : Impairment loss allowance		
a) Stage I & II	**11,223**	8,869
b) Stage III	**3,513**	2,154
Loans net of impairment loss allowance	**10,31,633**	7,73,000
Less : Revenue received in Advance	**4,832**	3,658
Total D	**10.26.801**	**7.69.342**

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

6 LOANS

6.1 Investments in bonds, debentures and other financial assets which, in substance, form a part of the Company's financing activities ("Credit Substitutes") have been classified under Loans. Management believes that the classification results in a better presentation of the substance of these receivables and is in alignment with regulatory filings.

6.2 Impairment allowance on loan - stage I & II excludes impairment allowance on loan commitments Rs. 425 lakh (March 31, 2022 Rs. 524 lakh)

6.3 Loans given to related parties as on March 31, 2023 Rs. 50 lakh (including sanctioned but not disbursed Rs. Nil lakh) (March 31, 2022 : Rs. 50 lakh including sanctioned but not disbursed Rs. Nil).

6.4 The increase in the ECL impairment allowance is on account of increase in credit risk and deterioration in economic conditions.

6.5 Loan given to TCL employee welfare trust is repayable on demand and accounts for 0.01 % of total gross loans and advances (March 31, 2022 : 0.01%)

6.6 Loans to others include loans to retail and corporate other than public sector undertakings (PSUs).

7 INVESTMENTS

PARTICULARS	**As at March 31, 2023**	As at March 31, 2022
Investments in India		
Investments carried at amortised cost - Quoted		
Investment in Treasury Bills	**4,438**	5,964
Investment in Government Securities	**15,619**	3,999
Investments carried at fair value through profit or loss - Quoted		
Mutual Funds	**65,126**	46,094
TOTAL	**85,183**	**56,057**

7.1 There are no investments outside India.

8 OTHER FINANCIAL ASSETS

PARTICULARS	**As at March 31, 2023**	As at March 31, 2022
a) Security deposits	**182**	313
b) Advances recoverable from related parties	**1**	1
TOTAL	**183**	**314**

(Rs. in lakh)

9 INCOME TAXES & DEFERRED TAXES

9.1 INCOME TAXES

A CURRENT TAX ASSET (NET)

PARTICULARS	As at March 31, 2023	As at March 31, 2022
Advance Tax (net of provision for Income tax Rs. 7,035 lakh (March 31, 2022: Rs. 14,489 lakh))	-	1,903
TOTAL	**-**	**1,903**

B CURRENT TAX LIABILITIES (NET)

PARTICULARS	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax Rs. 25,936 lakh (March 31, 2022: Rs. 6,267 lakh))	**459**	854
TOTAL	**459**	**854**

a) The income tax expense consist of the following:

PARTICULARS	As at March 31, 2023	As at March 31, 2022
Current tax:		
Current tax expense for the year	10,096	7,121
Current tax expense pertaining to prior years	(44)	-
Deferred tax benefit		
Origination and reversal of temporary differences	(843)	(637)
Total income tax expense recognised in the year	**9,209**	**6,484**

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

PARTICULARS	As at March 31, 2023	As at March 31, 2022
Profit before income taxes	37,061	26,865
Indian statutory income tax rate	25.168%	25.168%
Expected income tax expense	9,328	6,761
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	-	-
Non deductible expenses	118	89
Tax incentives	(192)	(368)
Tax on income at different rates	(0)	2
Current tax expense / (benefit) pertaining to prior years	(44)	-
Total income tax expense	**9,209**	**6,484**

Note :

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

b) Amounts recognised in OCI

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 reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	(56)	14	(42)	-	-	-
Items that are or may be reclassified subsequently to profit or loss						
Fair value gain / (loss) on financial assets carried at FVTOCI	(201)	51	(150)	(931)	234	(697)
The effective portion of gains and loss on hedging instrument in a cash flow hedge reserve	292	(73)	219	849	(214)	635
Total Amounts recognised in OCI	**35**	**(8)**	**27**	**(82)**	**20**	**(62)**

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

9.2 DEFERRED TAX ASSET

The major components of deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

Particulars	Opening Balance	Recognised / (reversed) through profit and loss	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
Deferred Tax Assets					
a) Impairment loss allowance - Stage III	79	-	-	-	79
b) Impairment loss allowance - Stage I & II	2,364	556	-	12	2,932
c) Employee benefits	21	3	-	-	24
d) Deferred income	844	378	-	(10)	1,212
e) Depreciation on property, plant & equipment	5	2	-	-	7
f) IndAS 116 Impact	18	3	-	-	21
Deferred Tax Liabilities :-					
a) Debenture issue expenses	(69)	(91)	-	-	(160)
b) Investment measured at fair value	(5)	(8)	-	-	(13)
c) Loans measured at FVTOCI	(67)	-	-	48	(19)
d) DTA on Cash Flow Hedges	(113)	-	-	(73)	(186)
Net Deferred Tax Asset	3,077	843	-	(23)	3,897

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

Particulars	Opening Balance	Recognised / (reversed) through profit and loss	Recognised directly in equity	Recognised / reclassified from other comprehensive income	Closing Balance
Deferred Tax Assets					
a) Impairment loss allowance - Stage III	89	(10)	-	-	79
b) Impairment loss allowance - Stage I & II	1,631	592	-	141	2,364
c) Employee benefits	22	(1)	-	-	21
d) Deferred income	765	25	-	54	844
e) Depreciation on property, plant & equipment	4	1	-	-	5
f) IndAS 116 Impact	16	2	-	-	18
g) DTA on Cash Flow Hedges	101	-	-	(214)	(113)
Deferred Tax Liabilities :-					
a) Debenture issue expenses	(99)	30	-	-	(69)
b) Investment measured at fair value	(3)	(2)	-	-	(5)
c) Loans measured at FVTOCI	(107)	-	-	40	(67)
Net Deferred Tax Asset	2,419	637	-	21	3,077

Gross deferred tax assets and liabilities are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred Tax Assets		
a) Impairment loss allowance - Stage III	79	79
b) Impairment loss allowance - Stage I & II	2,932	2,364
c) Employee benefits	24	21
d) Deferred income	1,212	844
e) Depreciation on property, plant & equipment	7	5
f) IndAS 116 Impact	21	18
Deferred Tax Liabilities :-		
a) Debenture issue expenses	(160)	(69)
b) Investment measured at fair value	(13)	(5)
c) Loans measured at FVTOCI	(19)	(67)
d) DTL on Cash Flow Hedges	(186)	(113)
Net Deferred Tax Asset	3,897	3,077

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Particulars	Gross Block					Accumulated depreciation				
	Opening balance as at April 01, 2022	**Additions / Adjustments**	**Deletions**	**Written off during the year**	**Closing balance as at March 31, 2023**	**Opening balance as at April 01, 2022**	**Depreciation/ Amortisation for the year ##**	**Deletions / Adjustments**	**Closing balance as at March 31, 2023**	**Net Carrying Value as at March 31, 2023**
INVESTMENT PROPERTY #^	257	-	-	-	257	56	10	-	66	191
	257	-	-	-	*257*	*45*	*11*	-	*56*	*201*
TOTAL INVESTMENT PROPERTY	**257**	**-**	**-**	**-**	**257**	**56**	**10**	**-**	**66**	**191**
Previous financial year	*257*	-	-	-	*257*	*45*	*11*	-	*56*	*201*
PROPERTY, PLANT AND EQUIPMENT										
Vehicles	100	21	-	-	121	46	25	-	71	50
	69	*31*	-	-	*100*	*25*	*21*	-	*46*	*54*
Furniture and Fixture*	0	0	-	-	0	0	0	-	0	0
	0	*0*	-	-	*0*	*0*	*0*	-	*0*	*0*
Computer Equipment	59	39	1	-	97	23	18	1	40	57
	26	*33*	-	-	*59*	*14*	*9*	-	*23*	*36*
Office Equipment *	2	-	-	-	2	1	0	-	1	1
	2	*0*	-	-	*2*	*1*	*0*	-	*1*	*1*
TOTAL PROPERTY, PLANT AND EQUIPMENT	**161**	**60**	**1**	**-**	**220**	**70**	**43**	**1**	**112**	**108**
Previous financial year	*97*	*64*	-	-	*161*	*40*	*30*	-	*70*	*91*
INTANGIBLE ASSETS (other than internally generated)										
Software	13	7	-	-	20	6	4	-	10	10
	-	*13*	-	-	*13*	*3*	*3*	-	*6*	*7*
TOTAL INTANGIBLE ASSETS	**13**	**7**	**-**	**-**	**20**	**6**	**4**	**-**	**10**	**10**
Previous financial year	-	*13*	-	-	*13*	*3*	*3*	-	*6*	*7*
Intangible assets under development										156

Figures in italics relate to March 31, 2022

* Amount less than Rs. 50,000/-

Total depreciation charged for the year in the Statement of Profit and Loss includes depreciation on Right to use assets. Depreciation on right to use assets for the year is Rs.57 lakh (March 31, 2022: Rs. 64 lakh).

Fair value of investment property as on March 31, 2023 Rs. 255 lakh (March 31, 2022: Rs. 255 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.

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

^ Immovable property having net carrying value amounting to Rs. 191 lakh is hypothecated against borrowings, refer note 13.1 and 40B (iii).

Notes forming part of the financial statements (Continued)
as at March 31, 2023

(Rs. in lakh)

10 INTANGIBLE ASSETS UNDER DEVELOPMENT

As at March 31, 2023

PARTICULARS	Amount in Intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	154	2	-	-	**156**
(ii) Projects temporarily suspended	-	-	-	-	**-**
Total					**156**

Intangible assets under development completion schedule

PARTICULARS	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	156	-	-	-	**156**
(ii) Projects temporarily suspended	-	-	-	-	**-**
Total					**156**

As at March 31, 2022

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

Intangible assets under development completion schedule

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

10.1 DEPRECIATION AND AMORTISATION

PARTICULARS	**For the year ended March 31, 2023**	For the year ended March 31, 2022
(i) Investment Property (Note 10)	**10**	11
(ii) Property, Plant & Equipment (Note 10)	**43**	30
(iii) Intangible Assets (Note 10)	**4**	3
(iv) Right of use Assets (Note 37)	**57**	64
Total	**114**	108

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

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

PARTICULARS	As at March 31, 2023	As at March 31, 2022
a) Gratuity assets (Net) (Note35c)	**-**	42
b) Balances with government authorities	**38**	23
c) Prepaid expenses	**93**	65
TOTAL	**131**	**130**

12 TRADE PAYABLES

PARTICULARS	As at March 31, 2023	As at March 31, 2022
Others		
a) Accrued expenses	**1,107**	707
b) Payable to vendors	**46**	38
TOTAL	**1,153**	**745**

12.1 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 :

Total outstanding dues of micro enterprises and small enterprises

PARTICULARS	As at March 31, 2023	As at March 31, 2022
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year*	8	8
b) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
e) The amount further of interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23	-	-
TOTAL	**8**	**8**

*Amount of interest due is Nil as at March 31, 2023 and March 31, 2022

12.2

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
a) MSME	-	-	8	-	-	-	8
b) Others	1,107	-	38	-	-	-	1,145
c) Disputed dues – MSME	-	-	-	-	-	-	-
d) Disputed dues - Others	-	-	-	-	-	-	-
Total	**1,107**	**-**	**46**	**-**	**-**	**-**	**1,153**

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

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
a) MSME	-	-	8	-	-	-	8
b) Others	707	-	30	-	-	-	737
c) Disputed dues – MSME	-	-	-	-	-	-	-
d) Disputed dues - Others	-	-	-	-	-	-	-
Total	**707**	**-**	**38**	**-**	**-**	**-**	**745**

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

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

13 DEBT SECURITIES

PARTICULARS	As at March 31, 2023	As at March 31, 2022
DEBT SECURITIES in India		
At amortised cost		
Secured - in India		
Privately Placed Non-Convertible Debentures (Refer note 13.1 to 13.5 below)	**2,61,800**	2,07,899
Unsecured - in India		
Commercial paper (Refer note 13.6 below) [Net of unamortised discount of Rs 597 lakh (March 31, 2022 : Rs. 342 lakh)]	**29,403**	34,656
TOTAL	**2,91,203**	**2,42,555**

13.1 Privately Placed Non-Convertible Debentures are secured by pari passu charge on the specific immovable property, specified receivables and book debts arising out of Secured/Unsecured loans, loans in nature of credit substitutes, lease and hire purchase receivables, trade advances & bill discounting facility extended to borrowers and sundry debtors and other assets of the Company.

13.2 Coupon rate of "NCDs" outstanding as on March 31, 2023 varies from 5.40 % 8.75 % (March 31, 2022 : 5.31 % to 8.75%).

13.3 The Company has not defaulted in the repayment of debt securities and interest thereon for the year ended March 31, 2023 and March 31, 2022.

13.4 Debt securities held by related parties as on March 31, 2023 is Rs 37,500 lakh. (March 31, 2022 is Rs.Nil)

13.5 Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on :

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2023 Number of NCDs	As at March 31, 2023 Rs. in lakh	As at March 31, 2022 Number of NCDs	As at March 31, 2022 Rs. in lakh
TCCL NCD "A" FY 2021-22	19-May-21	19-May-23	2,000	20,000	3,000	30,000
TCCL MLD "A" 2020-21	20-Jul-20	20-Jul-23	7,500	7,500	7,500	7,500
TCCL NCD 'C' FY 2020-21	31-Dec-20	30-Nov-23	2,000	20,000	2,000	20,000
TCCL NCD 'B' FY 2018-19	18-Dec-18	18-Dec-23	600	6,000	1,200	12,000
TCCL NCD 'C' FY 2017-18	02-Jun-17	03-Jun-24	100	1,000	100	1,000
TCCL MLD "A" FY 2022-23	12-Jul-22	25-Jun-24	2,296	22,960	-	-
TCCL NCD "B" FY 2021-22	28-Jul-21	26-Jul-24	3,600	36,000	3,600	36,000
TCCL NCD "C" FY 2021-22	17-Nov-21	15-Nov-24	3,000	30,000	2,000	20,000
TCCL NCD 'C' FY 2019-20	05-Dec-19	05-Dec-24	250	2,500	250	2,500
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	-	-
TCCL NCD "A" FY 2022-23	21-Jun-22	20-Jun-25	500	5,000	-	-
TCCL NCD "C" FY 2022-23	26-Dec-22	28-Jul-25	500	5,000	-	-
TCCL NCD UNLISTED A Series FY 2022-23	23-Mar-23	23-Mar-26	37,500	37,500	-	-
TCCL NCD 'A' FY 2020-21	10-Jun-20	10-Sep-27	1,750	17,500	1,750	17,500
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
TCCL NCD 'B' FY 2020-21	23-Jun-20	23-Jun-22	-	-	650	6,500
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
TCCL NCD 'D' FY 2019-20	17-Feb-20	17-Feb-23	-	-	2,000	20,000
				2,52,060		**1,99,184**
Add : Unamortised premium				31		64
Add : Interest accrued but not due				10,159		8,725
Less : Unamortised borrowing cost				(450)		(74)
TOTAL				**2,61,800**		**2,07,899**

13.6 NCDs outstanding as on March 31, 2023 are redeemable at par.

13.7 Discount on commercial paper varies between 6.65 % to 7.95% (March 31, 2022 : 4.35 % to 4.55 %)

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

14 BORROWINGS (OTHER THAN DEBT SECURITIES)

PARTICULARS	As at March 31, 2023	As at March 31, 2022
a) **Term loans**		
Secured - in India		
From Banks (Refer note 14.1 and 14.3 below)	**2,63,099**	1,39,693
From Others (Refer note 14.1 and 14.3 below)	**1,62,268**	1,06,748
Secured - Outside of India		
From Banks (Refer note 14.1 and 14.3 below)	**1,14,140**	86,629
b) **Loans repayable on demand**		
Secured from Banks- in India		
Working capital demand loan (Refer note 14.1 and 14.4 below)	**35,000**	45,000
TOTAL	**5,74,507**	**3,78,070**

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

14.2 The Company has not defaulted in the repayment of borrowings (other than debt securities) and interest thereon for the year ended March 31, 2023 and March 31, 2022.

14.3 As per terms of agreements loan from banks are repayable at maturity ranging between 6 to 61 months from the date of respective loan. Rate of interest payable on term loans varies between 6.53 % to 8.24 % (March 31, 2022 : 4.90 % to 7.84 %).

As per terms of agreements loan from others are repayable at maturity ranging between 24 to 183 months from the date of respective loan. Rate of interest payable on term loans at 4.24 % to 7.90 % (March 31, 2022 : 4.73 % to 5.67 %).

14.4 Rate of interest payable on Working Capital Demand Loan / Bank Overdraft varies between 7.19 % to 8.30 % (March 31, 2022 : 4.10 % to 7.05 %)

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

14.6 As at March 31, 2023, the Company had undrawn committed borrowing facilities of Rs. 2,18,251 lakh (March 31, 2022 : Rs. 259,767 lakh).

15 SUBORDINATED LIABILITIES

PARTICULARS	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Unsecured - in India		
Non-Convertible Subordinated Debentures	**52,795**	52,807
TOTAL	**52,795**	**52,807**

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

15 SUBORDINATED LIABILITIES (Continued)

15.1 Coupon rate of Subordinated Liabilities outstanding as on March 31, 2023 varies from 7.75 % to 9.18 % (March 31, 2022 : 7.75 % to 9.18 %)

15.2 The Company has not defaulted in the repayment of Subordinated Liabilities and interest for the year ended March 31, 2023 and March 31, 2022.

15.3 Subordinated Liabilities held by related parties as on March 31, 2023 is Rs 630 lakh. (March 31, 2022 is Rs.630 lakh)

15.4 Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on :

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2023		As at March 31, 2022	
			Number of NCDs	Rs. in lakh	Number of NCDs	Rs. in lakh
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 no2	27-Jun-19	10-May-29	500	5,000	500	5,000
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
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
				50,000		**50,000**
Add : Unamortised premium				269		309
Add : Interest accrued but not due				2,687		2,687
Less : Unamortised borrowing cost				(161)		(189)
TOTAL				**52,795**		**52,807**

15.5 NCDs outstanding as on March 31, 2023 are redeemable at par.

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

16 OTHER FINANCIAL LIABILITIES

PARTICULARS	As at March 31, 2023	As at March 31, 2022
a) Advances from customers	-	42
b) Accrued employee benefit expense	1,084	881
c) Book Overdraft	-	6
TOTAL	**1,084**	**929**

17 PROVISIONS

PARTICULARS	As at March 31, 2023	As at March 31, 2022
a) Provision for compensated absences	95	82
b) Provision for gratuity (Note 35)	26	-
c) Provision for long-term service award	4	3
d) Provision on Off Balance Sheet exposure (Note32)	425	524
TOTAL	**550**	**609**

18 OTHER NON-FINANCIAL LIABILITIES

PARTICULARS	As at March 31, 2023	As at March 31, 2022
a) Statutory dues	411	232
TOTAL	**411**	**232**

19 SHARE CAPITAL

PARTICULARS	As at March 31, 2023	As at March 31, 2022
AUTHORISED		
50,00,00,000 (March 31, 2022 : 50,00,00,000 shares) Equity shares of Rs.10 each	50,000	50,000
TOTAL	**50,000**	**50,000**
ISSUED, SUBSCRIBED & PAID UP		
45,92,85,639 (March 32, 2022 : 45,92,85,639 shares) Equity shares of Rs.10 each fully paid up	45,929	45,929
TOTAL	**45,929**	**45,929**

19.1 Reconciliation of number of shares outstanding

PARTICULARS	No. of Shares	Rs. In lakh
Opening balance as on April 01, 2021	38,80,15,639	38,802
Additions during the year	7,12,70,000	7,127
Closing balance as on March 31, 2022	45,92,85,639	45,929
Additions during the year	-	-
Closing balance as on March 31, 2023	45,92,85,639	45,929

During the year, the Company has issued Nil equity shares (March 31, 2022 : 7,12,70,000 equity shares of face value Rs. 10 each fully paid up, at a price of Rs. 43.50 each, including a premium of Rs.33.50 each was issued).

19.2 Rights, preferences and restrictions attached to shares

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

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

19 SHARE CAPITAL (Continued)

19.3 Investment by Tata Capital Limited (Promoter / Holding Company)

Name of Company	No. of Equity shares	Rs. In lakh
Tata Capital Limited		
Opening balance as on April 01, 2021	31,23,52,590	31,235
Closing balance as on March 31, 2022	36,97,24,940	36,972
Closing balance as on March 31, 2023	36,97,24,940	36,972

19.4 List of Shareholders holding more than 5% Equity shares

Name of Company	No. of Equity shares	% of holding
Tata Capital Limited		
Opening balance as on April 01, 2021	31,23,52,590	80.50%
Closing balance as on March 31, 2022	36,97,24,940	80.50%
Closing balance as on March 31, 2023	36,97,24,940	80.50%
International Finance Corporation		
Opening balance as on April 01, 2021	7,56,63,049	19.50%
Closing balance as on March 31, 2022	8,95,60,699	19.50%
Closing balance as on March 31, 2023	8,95,60,699	19.50%

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

19.6 There are no shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment.

20 OTHER EQUITY

PARTICULARS		As at March 31, 2023	As at March 31, 2022
a)	Securities Premium Account	**45,903**	45,903
b)	Statutory Reserve Account u/s 45-IC of Reserve Bank of India Act, 1934	**20,731**	15,161
c)	Special Reserve Account u/s 36(1)(viii) of Income tax Act, 1961	**10,800**	9,834
d)	Retained earnings	**71,010**	49,694
e)	Other Comprehensive Income		
	(i) Fair value gain on Financial Assets carried at FVTOCI	**363**	513
	(ii) Effective portion of cash flow hedge reserve	**552**	333
	(iii) Remeasurement of defined benefit (liability)/asset	**(67)**	(25)
f)	Share options outstanding account	**443**	318
g)	General Reserve	**35**	22
TOTAL		**1,49,770**	**1,21,753**

20.1 Nature and Purpose of Reserves as per Para 79 of Ind AS 1

PARTICULARS		Nature and purpose of Reserves
a)	Securities Premium Account	Premium received upon issuance of equity shares
b)	Special Reserve Account / Statutory Reserve	Statutory reserve is as prescribed by Section 45-IC of Reserve Bank of India Act 1934, and Special Reserve is on account of deduction claimed under section 36 (1) (viii) of the Income Tax Act,1961. No appropriation of any sum from the reserve fund shall be made by the Company except for the purpose as may be specified by RBI from time to time.
c)	Retained earnings	Created out of accretion of profits
d)	Share Options Outstanding Account	Created upon grant of Holding Company options to employees
e)	Other Comprehensive Income	Created on account of items measured through other comprehensive income
f)	General Reserve	Created upon employees stock options that expired unexercised or upon forfeiture of options granted.

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

21 INTEREST INCOME

PARTICULARS	**For the year ended March 31, 2023**	For the year ended March 31, 2022
On Financial Assets measured at Amortised Cost		
a) Interest on loans	**94,700**	63,596
b) Interest income on deposits with banks	**343**	17
c) Interest income from investments	**1,302**	267
d) Other Interest Income	**19**	24
On Financial Assets measured at fair value through OCI		
a) Interest on loans	**3,346**	3,767
TOTAL	**99,710**	**67,671**

22 FEES AND COMMISSION INCOME

PARTICULARS	**For the year ended March 31, 2023**	For the year ended March 31, 2022
a) Foreclosure charges	**375**	1,095
b) Advisory Fees	**69**	114
c) Others (valuation charges, PDD charges etc.)	**1,054**	600
TOTAL	**1,498**	**1,809**

23 NET GAIN / (LOSS) ON FAIR VALUE CHANGES

PARTICULARS	**For the year ended March 31, 2023**	For the year ended March 31, 2022
A) Net gain / (loss) on financial instruments at fair value through profit or loss		
a) On trading portfolio		
Investments	**-**	-
Derivatives	**-**	-
Others	**-**	-
b) On financial instruments designated at fair value through profit or loss	**-**	-
B) Others		
On equity securities	**-**	-
On other financial securities	**1,265**	928
On derivative contracts	**-**	-
TOTAL	**1,265**	**928**
C) Fair value changes		
Realised	**1,232**	921
Unrealised	**33**	7
TOTAL	**1,265**	**928**

24 OTHER INCOME

PARTICULARS	**For the year ended March 31, 2023**	For the year ended March 31, 2022
a) Interest on Income Tax refund	65	1
b) Guest house recovery	15	9
TOTAL	**80**	**10**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

25 FINANCE COST

PARTICULARS	For the year ended March 31, 2023	For the year ended March 31, 2022
At amortised cost		
a) Interest on borrowings	**22,832**	10,746
b) Interest on debt securities	**15,977**	12,149
c) Interest on subordinated liabilities	**4,259**	4,259
d) Interest on external commercial borrowings (ECB)	**7,478**	6,470
e) Interest on lease liabilities	**6**	5
f) Discounting charges on Commercial paper	**3,977**	1,614
TOTAL	**54,529**	**35,243**

26 IMPAIRMENT ON FINANCIAL INSTRUMENTS

PARTICULARS	For the year ended March 31, 2023	For the year ended March 31, 2022
On Financial Assets measured at Amortised Cost		
a) Impairment loss allowance on loans (Stage I & II)	**2,255**	2,914
b) Impairment loss allowance on loans (Stage III)	**1,360**	(39)
c) Write off - Loans	**276**	467
d) Provision against trade receivables	**-**	(1)
On Financial Assets measured at fair value through OCI		
e) Impairment loss allowance on loans (Stage I & II)	**(47)**	(561)
TOTAL	**3,844**	**2,780**

27 EMPLOYEE BENEFIT EXPENSES

PARTICULARS	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Salaries, wages and bonus	**3,194**	2,780
b) Contribution to provident and other funds	**118**	99
c) Staff welfare expenses	**113**	10
d) Expenses related to post-employment defined benefit plans	**41**	43
e) Share based payments to employees	**169**	133
TOTAL	**3,635**	**3,065**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

28 OTHER OPERATING EXPENSES

PARTICULARS		For the year ended March 31, 2023	For the year ended March 31, 2022
a)	Advertisements and publicity	**279**	75
b)	Brand equity and business promotion	**278**	184
c)	Audit fees (Refer Note No 28.1 below)	**22**	20
d)	Corporate social responsibility expenses (Refer Note No 28.3 below)	**479**	383
e)	Directors fees, allowances and expenses	**139**	43
f)	Insurance charges	**3**	40
g)	Information technology expenses	**800**	553
h)	Legal and professional fees	**164**	146
i)	Loan processing fees	**2**	2
j)	Repairs and maintenance	**2**	2
k)	Rent	**114**	105
l)	Stamp charges	**288**	143
m)	Service provider charges	**560**	527
n)	Telephone, telex and leased line	**1**	1
o)	Travelling and conveyance	**81**	38
p)	Training and recruitment	**21**	19
q)	Membership and subscription charges	**28**	15
r)	Security trustee fees	**66**	36
s)	Other expenses	**43**	25
TOTAL		**3,370**	**2,357**

28.1 Auditors' Remuneration (excluding taxes)

PARTICULARS		For the year ended March 31, 2023	For the year ended March 31, 2022
a)	Audit fees	19	17
b)	Tax audit fees	1	1
c)	Other Services (includes out of pocket expenses)*	2	2
TOTAL		**22**	**20**

* Other Services include fees for certifications

28.2 Expenditure in Foreign Currency

PARTICULARS		For the year ended March 31, 2023	For the year ended March 31, 2022
a)	Legal and professional fees	16	-
b)	Directors sitting fees*	0	14
c)	Information Technology expenses*	0	-
TOTAL		**16**	**14**

*Amount less than 50,000/-

28.3 Corporate social responsibility expenses

a) Gross amount required to be spent by the company during the year was Rs. 479 lakh (March 31, 2022: Rs. 383 lakh)

b) Amount spent during the year on:

PARTICULARS		For the year ended March 31, 2023	For the year ended March 31, 2022
a)	Construction/acquisition of any asset	441	383
b)	On purposes other than above	38	-
TOTAL		**479**	**383**

c) The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year: Nil.

d) The total of previous years' shortfall amounts: Nil

e) The reason for above shortfalls by way of a note: Not Applicable

f) The nature of CSR activities undertaken by the Company: The CSR activities are undertaken as per Section 135 CSR Rules of the Companies Act 2013. The company's mission is to improve the lives of the community, especially the socially and economically underprivileged communities, by making a long term, measurable and positive impact through projects in the areas of Education, Climate Action, Health and Skill Development

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

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

A) List of related parties and relationship

Ultimate Holding Company	Tata Sons Private Limited
Holding Company	Tata Capital Limited
Subsidiaries of Holding Company	Tata Capital Pte. Limited Tata Capital Growth Fund I Tata Capital Special Situation Fund Tata Capital Healthcare Fund I Tata Capital Healthcare Fund II Tata Capital Innovations Fund Tata Capital Growth Fund II Tata Capital Growth II General Partners LLP Tata Capital Advisors Pte. Ltd. Tata Capital Plc Tata Capital General Partners LLP Tata Capital Healthcare General Partners LLP Tata Opportunities General Partners LLP Tata Securities Limited Tata Capital Financial Services Limited Tata Capital Healthcare II General Partners LLP Tata Cleantech Capital Limited
Plans	Tata Capital Limited Gratuity Scheme Tata Capital Limited Employees Provident Fund Tata Capital Limited Superannuation Scheme TCL Employee Welfare Trust
Subsidiaries & Associate of Ultimate Holding Company (with which the company had transactions)	Tata AIG General Insurance Company Limited Tata AIA Life Insurance Company Limited Tata Consultancy Services Limited The Indian Hotels Company Limited Piem Hotels Limited Tata Consulting Engineers Limited Tata Technologies Limited TP Luminaire Private Limited Tata Power Consolidated Provident Fund
Investor exercising significant influence	International Finance Corporation
Key Management Personnel	Mr. Rajiv Sabharwal (Non-Executive Director) Ms. Padmini Khare Kaicker (Independent Director) (Ceased to be an Independent Director w.e.f. March 10, 2023) Ms. Varsha Purandare (Independent Director) Mr. Sujit Kumar Varma (Independent Director) (w.e.f. May 05, 2022) Mr. Lodewijk Govaerts (Non -Executive Director) (w.e.f. July 21, 2022) Mr. Manish Chourasia (Managing Director) Mr. Behzad Bhesania (Chief Financial Officer) Mr. Rajesh Gosia (Company Secretary)

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

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

B) Transactions carried out with related parties referred in "A" above (Continued)

Rs in lakh

Sr No	Party Name	Nature of Transactions	FY 2022-23	FY 2021-22
1	**Tata Sons Private Limited**			
		Expenses		
		BEBP Expenses	278	184
		* Training Expenses	5	0
		Liabilities		
		Balance Payable	278	191
2	**Tata Capital Limited**			
		Expenses		
		Interest on Inter-Corporate Deposit	-	13
		Service provider charges	489	458
		Rent	52	60
		Electricity Expenses	2	2
		* Insurance Expenses	0	0
		Professional charges	5	-
		Other transactions		
		Inter-Corporate Deposit received	-	18,500
		Inter-Corporate Deposit repaid	-	28,500
		Equity capital infusion (inclusive of security premium)	-	24,957
		Repayment received towards Security deposit	79	-
		Assets		
		Security Deposit	244	324
		Liabilities		
		Unsecured ICD outstanding payable	-	-
		Balance payable	49	111
		Equity		
		Equity shares held (inclusive of security premium)	73,926	73,926
3	**Tata Capital Financial Services Limited**			
		Income		
		Advisory Fees	9	9
		Guest House Recovery	15	9
		Expenses		
		Rent and Guest house expenses	97	99
		Syndication Fees	-	8
		Staff Welfare Expenses	-	3
		Other Transactions		
		Paid during year towards purchase of loan portfolio	44,142	28,864
		Transfer of sanction but undisbursed loan portfolio	937	-
		Received during year towards sale of loan portfolio	-	4,000
		Liabilities		
		Balance payable	6	8
4	**Tata Securities Limited**			
		Expenses		
		Professional Fees	0	25
		Liabilities		
		Balance payable	-	27
5	**TCL Employee Welfare Trust**			
		Other Transactions		
		Loan given during year	-	40
		Assets		
		Loan receivable	50	50
6	**Tata Capital Limited Superannuation Scheme**			
		Expenses		
		Contribution to Superannuation	19	18
7	**Tata Capital Limited Gratuity Scheme**			
		Expenses		
		Contribution to Gratuity fund	16	22

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

29 Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on "Related Party Disclosures" notified under the Companies (Indian Accounting Standard) Rules, 2015 *(Continued)*

B) Transactions carried out with related parties referred in "A" above (Continued)

Rs in lakh

Sr No	Party Name	Nature of Transactions	FY 2022-23	FY 2021-22
8	**Tata AIG General Insurance Company Limited**			
		Expenses		
		Insurance expenses	4	3
		Assets		
		* Balance receivable	0	0
9	**Tata AIA Life Insurance Company Limited**			
		Expenses		
		Insurance expenses	15	9
		Assets		
		Balance receivable	13	14
10	**Tata Consultancy Services Limited**			
		Expenses		
		IT outsourcing expenses	347	348
		Liabilities		
		Balance payable	83	94
11	**The Indian Hotels Company Limited**			
		Expenses		
		Hotel expenses	8	2
12	**Piem Hotels Limited**			
		Expenses		
		Hotel expenses	2	-
13	**Tata Consulting Engineers Limited**			
		Expenses		
		* Professional Fees	-	0
14	**Tata Technologies Limited**			
		Expenses		
		IT outsourcing expenses	14	16
		Liabilities		
		Balance payable	3	1
15	**TP Luminaire Private Limited**			
		Income		
		Interest Income	-	340
		Other transactions		
		Loan repayment received during period	-	4,224
16	**Tata Power Consolidated Provident Fund**			
		Other transactions		
		Interest paid on Non Convertible Debentures	55	55
		Liabilities		
		Payable towards Non Convertible Debentures	630	630

Notes forming part of the financial statements (Continued)

as at March 31, 2023

(Rs. in lakh)

29 Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on "Related Party Disclosures" notified under the Companies (Indian Accounting Standard) Rules, 2015 *(Continued)*

B) Transactions carried out with related parties referred in "A" above (Continued)

Rs in lakh

Sr No	Party Name	Nature of Transactions	FY 2022-23	FY 2021-22
17	**International Finance Corporation**			
		Expenses		
		Processing Fees paid	42	-
		Other transactions		
		Issue of Non Convertible Debentures	37,500	-
		Equity capital infusion (inclusive of security premium)	-	6,046
		Liabilities		
		Payable towards Non Convertible Debentures	37,500	-
		Equity		
		Equity shares held (inclusive of security premium)	17,908	17,908
18	**Key Management**			
		Remuneration to KMP		
		Short Term Employee Benefits	430	383
		Post Employment Benefits	35	33
		Share based payments (No. of Shares) **		
		a) Options granted till date	16,97,119	15,03,659
		b) Options exercised till date	24,000	24,000
		Director Sitting Fees	26	20
		Director Commission	55	47

(*Amount less than 50,000/-)

Notes:

a) All transactions with these related parties are priced at arm's length and are in the ordinary course of business.

b) ** ESOP has been granted by Tata Capital Limited (Holding Company)

(Rs. in lakh)

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

a) Contingent liabilities:

Income Tax (Pending before Appellate authorities): Rs. 473 lakh (March 31, 2022: Rs. 449 lakh)
Bank Guarantees: Rs. 25 lakh (March 31, 2022: Rs. 25 lakh)

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

- Tangible: Rs. 22 lakh (March 31, 2022 Rs. 6 lakh)
- Intangible: Rs. 9 lakh (March 31, 2022 Rs. 142 lakh)

Letter of Comfort Rs. 23,258 lakh (March 31, 2022 Rs. 43,276 lakh)

Undrawn Commitment given to the Borrower Rs. 72,183 lakh (March 31, 2022 Rs.1,18,274 lakh)
Less than one year : Rs. Nil lakh (March 31, 2022 : Rs.Nil lakh)
More than one year : Rs. 72,183 lakh (March 31, 2022 : Rs. 1,18,274 lakh)

31 Earnings per Share (EPS):

Particulars		**2022-23**	**2021-22**
Profit after tax attributable to Equity shareholders	(Rs. in lakh)	27,852	20,381
Weighted average number of Equity shares used in computing Basic EPS & Diluted EPS	Nos	45,92,85,639	42,41,38,790
Face value of equity shares	Rupees	10	10
Basic earnings per share	Rupees	6.06	4.81
Diluted earnings per share	Rupees	6.06	4.81

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

Particulars	**2022-23**	**2021-22**
Opening Balance	9,393	6,480
Additions during the year	4,979	5,164
Utilised during the year	(2,724)	(2,251)
Closing Balance	**11,648**	**9,393**

Includes Provision for off Balance Sheet exposure - Rs. 425 lakh (March 31, 2022: Rs. 524 lakh)

33 Movement in other provisions during the year is as under:

Particulars	**2022-23**	**2021-22**
Opening Balance	85	90
Additions (net) during the year	40	(5)
Closing Balance	**125**	**85**

34 Share based payment

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

A Description of share based payments:

Particulars	**ESOP 2018**	**ESOP 2019**	**ESOP 2020**	**ESOP 2021**	**ESOP 2021 RSU**	**ESOP 2022**
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
Maximum term of option	7 years	7 years	7 years	7 years	3 years	7 years
Method of settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled
Modifications to share based payment plans	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Any other details as disclosed in the audited Ind AS financial statements	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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 year	4,75,000	6,00,000	6,60,000	4,12,500	1,77,821	-	23,25,321
Options granted	-	-	-	-	-	3,48,740	3,48,740
Options forfeited	-	-	-	-	-	-	-
Options exercised	-	35,000	-	7,500	-	-	42,500
Options expired	-	-	-	-	-	-	-
Options lapsed	-	-	-	-	-	-	-
Options outstanding at the end of the year	**4,75,000**	**6,35,000**	**6,60,000**	**4,20,000**	**1,77,821**	**3,48,740**	**23,67,821**
Options exercisable at the end of the year	4,75,000	3,95,500	2,64,000	81,000	-	-	12,15,500
For share options exercised:							
Weighted average exercise price at date of exercise							51
Money realized by exercise of options							21,73,500
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	2.50	3.34	4.34	5.34	1.50	6.17	3.67
Modification of plans	N.A.	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.	N.A.	

(Rs. in lakh)

March 31, 2022

Particulars	**ESOP 2018**	**ESOP 2019**	**ESOP 2020**	**ESOP 2021**	**ESOP 2021 RSU**	**Total**
Outstanding balance at the beginning of the year	4,75,000	6,00,000	6,60,000	-	-	17,35,000
Options granted	-	-	-	4,12,500	1,77,821	5,90,321
Options forfeited	-	-	-	-	-	-
Options exercised	-	-	-	-	-	-
Options expired	-	-	-	-	-	-
Options lapsed	-	-	-	-	-	-
Options outstanding at the end of the year	**4,75,000**	**6,00,000**	**6,60,000**	**4,12,500**	**1,77,821**	**23,25,321**
Options exercisable at the end of the year	3,32,500	2,40,000	1,32,000	-	-	7,04,500
For share options exercised:						
Weighted average exercise price at date of exercise						-
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	4.50	5.34	6.34	6.34	2.50	4.67
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

Particulars	**ESOP 2018**	**ESOP 2019**	**ESOP 2020**	**ESOP 2021**	**ESOP 2022**
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:	-	-	-	-	-
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.

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. Manish Chourasia**		**Mr. Behzad Bhesania**		**Mr. Rajesh Gosia**	
	Granted	**Exercised**	**Granted**	**Exercised**	**Granted**	**Exercised**
ESPS 2009	-	-	-	-	-	-
ESPS 2011	-	-	-	-	-	-
ESOP 2011	-	-	-	-	-	-
PS 2013	-	-	-	-	-	-
ESPS 2013	-	-	3,000	3,000	-	-
ESOP 2013	-	-	-	-	-	-
ESOP 2016	-	-	10,000	10,000	5,000	1,000
ESOP 2017	10,000	-	10,000	10,000	5,000	-
ESOP 2018	3,50,000	-	-	-	-	-
ESOP 2019	3,50,000	-	-	-	-	-
ESOP 2020	3,85,000	-	-	-	-	-
ESOP 2021	2,62,500	-	-	-	-	-
ESOP 2021 RSU	1,13,159	-	-	-	-	-
ESOP 2022	1,93,460	-	-	-	-	-
Total	**16,64,119**	**-**	**23,000**	**23,000**	**10,000**	**1,000**

As at March 31, 2022

Name of Scheme	**Mr. Manish Chourasia**		**Mr. Behzad Bhesania**		**Mr. Rajesh Gosia**	
	Granted	**Exercised**	**Granted**	**Exercised**	**Granted**	**Exercised**
ESPS 2009	-	-	-	-	-	-
ESPS 2011	-	-	-	-	-	-
ESOP 2011	-	-	-	-	-	-
PS 2013	-	-	-	-	-	-
ESPS 2013	-	-	3,000	3,000	-	-
ESOP 2013	-	-	-	-	-	-
ESOP 2016	-	-	10,000	10,000	5,000	1,000
ESOP 2017	10,000	-	10,000	10,000	5,000	-
ESOP 2018	3,50,000	-	-	-	-	-
ESOP 2019	3,50,000	-	-	-	-	-
ESOP 2020	3,85,000	-	-	-	-	-
ESOP 2021	2,62,500	-	-	-	-	-
ESOP 2021 RSU	1,13,159	-	-	-	-	-
Total	**14,70,659**	**-**	**23,000**	**23,000**	**10,000**	**1,000**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

35 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 Holding 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 ₹ 19 Lakhs (March 31, 2022 ₹ 18 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss.

2) 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 as specified under the law are paid to provident fund administered by the Regional Provident Fund Commisisoner.

The Provident Fund contributions are recognized as an expense in the year in which it is determined. The Company has recognised ₹ 98 Lakhs (March 31, 2022 ₹ 81 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss.

B. Defined benefit plan

1) Gratuity

The Company offers its employees defined benefit plans in the form of a gratuity scheme (a lump-sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are recorded in the Other Comprehensive Income. The Company provides gratuity for employees in India as per payment of Gratuity Act, 1972. The gratuity scheme for employees is as under:

Eligibility	Continuous service for 5 years (not applicable in case of death or disability while in service)
Benefit payable upon	Retirement, Withdrawal, Death/Disability
Benefit payable	For service less than 10 years: 15/26 X Salary X Service
	For service greater than 10 years: Salary X Service
Salary definition	Last drawn monthly basic salary + Dearness Allowance
Service definition	Number of years of service rounded to the nearest integer
Normal retirement age	60 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. Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

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

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

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

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

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

35 Employee benefit expenses

Movement in net defined benefit (asset) liability

a) Reconciliation of balances of Defined Benefit Obligations.

Particulars	Year ended March 31, 2023 Total Funded	Year ended March 31, 2023 Total Unfunded	Year ended March 31, 2022 Total Funded	Year ended March 31, 2022 Total Unfunded
Defined Obligations at the beginning of the year	291	-	274	-
Current service cost	45	-	40	-
Interest cost	19	-	16	-
Amalgamations / Acquisitions	1	-	(3)	-
a. Due to change in financial assumptions	4	-	(2)	-
b. Due to change in experience adjustments	38	-	12	-
Benefits paid directly by the Company	(12)	-	(46)	-
Defined Obligations at the end of the year	**385**	**-**	**291**	**-**

b) Reconciliation of balances of Fair Value of Plan Assets

Particulars	Year ended March 31, 2023 Total Funded	Year ended March 31, 2023 Total Unfunded	Year ended March 31, 2022 Total Funded	Year ended March 31, 2022 Total Unfunded
Fair Value at the beginning of the year	**333**	-	285	-
Expected return on plan assets	(14)	-	10	-
Employer contributions	16	-	22	-
Amalgamations / Acquisitions	1	-	(3)	-
Interest Income on Plan Assets	22	-	19	-
Fair Value of Plan Assets at the end of the year	**359**	**-**	**333**	**-**

c) Funded status

Particulars	Year ended March 31, 2023 Total Funded	Year ended March 31, 2023 Total Unfunded	Year ended March 31, 2022 Total Funded	Year ended March 31, 2022 Total Unfunded
Deficit of plan assets over obligations	**(26)**	-	-	-
Surplus of plan assets over obligations	-	-	**42**	-
Total	**(26)**	**-**	**42**	**-**

d) Categories of plan assets

Particulars	Year ended March 31, 2023 Total Funded	Year ended March 31, 2023 Total Unfunded	Year ended March 31, 2022 Total Funded	Year ended March 31, 2022 Total Unfunded
Corporate bonds	9	-	63	-
Equity shares	-	-	24	-
Government securities	1	-	74	-
Insurer managed funds	348	-	157	-
Cash	0	-	15	-
Total	**359**	**-**	**333**	**-**

e) Amount recognised in Balance sheet

Particulars	Year ended March 31, 2023 Total Funded	Year ended March 31, 2023 Total Unfunded	Year ended March 31, 2022 Total Funded	Year ended March 31, 2022 Total Unfunded
Present value of the defined benefit obligation	385	-	291	-
Fair value of plan assets	359	-	333	-
Net asset / (liability) recognised in the Balance Sheet	**(26)**	**-**	**42**	**-**

Net asset / (liability) as per financial statements	-	-

f) Amount recognised in Statement of Profit and Loss

Particulars	Year ended March 31, 2023 Total Funded	Year ended March 31, 2023 Total Unfunded	Year ended March 31, 2022 Total Funded	Year ended March 31, 2022 Total Unfunded
Current Service Cost	45	-	40	-
Interest Cost (net)	(4)	-	(3)	-
Expenses for the year	**41**	**-**	**37**	**-**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

35 Employee benefit expenses

g) Amount recognised in OCI

Particulars	Year ended March 31, 2023 Total Funded	Year ended March 31, 2023 Total Unfunded	Year ended March 31, 2022 Total Funded	Year ended March 31, 2022 Total Unfunded
a. Due to change in financial assumptions	**4**	**-**	**(2)**	-
b. Due to change in experience adjustments	**38**	**-**	**12**	-
c. Due to experience adjustments	-	-	-	-
d. (Return) on plan assets (excl. interest income)	14	-	(10)	-
e. Change in Asset Ceiling	-	-	-	-
Total remeasurements in OCI	**56**	**-**	**(0)**	**-**
Total defined benefit cost recognized in P&L and OCI	**97**	**-**	**37**	**-**

Total defined benefit cost as per financial statements

h) Expected cash flows for the following year

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Expected total benefit payments	667	477
Year 1	30	22
Year 2	35	26
Year 3	43	30
Year 4	47	36
Year 5	67	40
Next 5 years	444	322

i) Major Actuarial Assumptions

Particulars	Year ended March 31, 2023	Year ended 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) (modified) 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 % and more than 5 years 10 %	CRE and J Grade : 40 %; Non CRE :Less than 5years 25 % and more than 5 years 10 %
Retirement Age	60 years	60 years
Weighted Average Duration	6 years	6 years
Estimate amount of contribution in the immediate next year	30	22

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.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

35 Employee benefit expenses *(Continued)*

i) Sensitivity analysis

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

	March 31, 2023		March 31, 2022	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(27)	30	(21)	23
Future salary growth (1% movement)	29	(27)	23	(21)
Others (Withdrawal rate 5% movement)	(26)	37	(20)	29

Experience adjustments	**Defined benefit obligation**	**Plan assets**	**Surplus/ (deficit)**	**Experience adjustments on plan liabilities**	**Experience adjustments on plan assets**
Funded					
2022-23	385	359	(26)	(38)	(14)
2021-22	291	333	42	(12)	33
Unfunded					
2022-23	-	-	-	-	-
2021-22	-	-	-	-	-

j) Provision for leave encashment

	March 31, 2023		March 31, 2022	
	Non current	Current	Non current	Current
Liability for compensated absences	80	14	68	13

k) Long Term Service Awards

Long Term Service awards are employee benefits in recognition for their loyalty and continuity of service for five years and above, the same is actuarially valued (Unfunded). The Long Term Service awards expense for financial year 2022-23 is Rs. 1 lakh (March 31, 2022: Nil) and the provision as at March 31, 2023 is Rs. 4 lakh (March 31, 2022 : Rs.3 lakh).

36 Segment Reporting

The Company is engaged in the business of providing finance and advisory services to the infrastructure sector. There being only one material "business segment" and "geographical segment", the segment information is not provided.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

37 Ind AS 116 - Leases:

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

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

(I) Right-of-use assets

Particulars	March 31, 2023	March 31, 2022
Balance at the beginning of the year	32	96
Additions during the year	237	-
Deletion during the year	-	-
Depreciation charge for the year	(57)	(64)
Balance at the end of the year	212	32

(II) Movement of Lease liabilities

Particulars	March 31, 2023	March 31, 2022
Balance at the beginning of the year	29	84
Additions during the year	165	-
Deletion during the year	-	-
Finance cost for the year	6	5
Payment of lease liabilities for the year	(48)	(60)
Balance at the end of the year	152	29

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

Particulars	March 31, 2023	March 31, 2022
Less than one month	3	5
Between one and three months	6	10
Between three months and one year	28	15
Between one and five years	140	-
More than five years	-	-

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

Particulars	March 31, 2023	March 31, 2022
Interest on lease liabilities (Note25)	6	5
Depreciation on Right-of-use assets	57	64

(V) Amounts recognised in statement of cash flows

Particulars	March 31, 2023	March 31, 2022
Total cash outflow for leases	48	60

1. The Company 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 Company had elected to apply for practical expedient and not to account for COVID-19 related rent concession as lease modification.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

38 Fair values of financial instruments

See accounting policy in Note 2(iv).

A. Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

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

b) Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

c) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at measurement date. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Valuation techniques include net present value and discounted cash flow models, income approach, comparison with similar instruments for which observable market prices exist, option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free returns, benchmark interest rates and credit spreads used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company uses widely recognised valuation models to determine the fair value of financial instruments, such as interest rate swap and forward rate agreement, which only needs 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.

Discounting of the cash flows of financial asset/ financial liability for computing the fair value of such instrument: the future contractual cash flows of instrument over the remaining contractual life of the instrument are discounted using comparable rate of lending/borrowing as applicable to financial asset/ financial liability in the month of reporting for a similar class of instruments.

Derivatives held for risk management :
The Company enters into structured derivatives to mitigate the currency exchange risk. 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 Company has a established a policy for the measurement of fair values addressing the requirement to independently verify the results of all significant fair value measurements. Specific controls include:
1) verification of observable pricing basis actual market transactions;
2) a review and approval process for new models and changes to models
3) review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous year.

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

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

38. Financial Instruments

C The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(iii) to the financial statements.

Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2023 is as follows:

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	-	-	-	5,287	5,287
Derivative financial instruments	-	-	1,686	-	1,686
Trade receivables	-	-	-	-	-
Loans	-	37,067	-	9,89,734	10,26,801
Investments	65,126	-	-	20,057	85,183
Other financial assets	-	-	-	183	183
Total	65,126	37,067	1,686	10,15,261	11,19,140
Financial Liabilities:					
Derivative financial instruments	-	-	5,832.00	-	5,832
Trade and other payables	-	-	-	1,153	1,153
Debt Securities	-	-	-	2,91,203	2,91,203
Borrowings (Other than debt securities)	-	-	-	5,74,507	5,74,507
Subordinated liabilities	-	-	-	52,795	52,795
Lease liabilities	-	-	-	152	152
Other financial liabilities	-	-	-	1,084	1,084
Total	-	-	5,832	9,20,894	9,26,726

The carrying value of financial instruments by categories as at March 31, 2022 is as follows:

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Derivative instruments in hedging relationship	Amortised cost	Total Carrying Value
Financial Assets:					
Cash and cash equivalents	-	-	-	15,053	15,053
Derivative financial instruments	-	-	2,475	-	2,475
Trade receivables	-	-	-	4	4
Loans	-	36,777	-	7,32,565	7,69,342
Investments	46,094	-	-	9,963	56,057
Other financial assets	-	-	-	314	314
Total	46,094	36,777	2,475	7,57,899	8,43,245
Financial Liabilities:					
Derivative financial instruments	-	-	4,176	-	4,176
Trade and other payables	-	-	-	745	745
Debt Securities	-	-	-	2,42,555	2,42,555
Borrowings (Other than debt securities)	-	-	-	3,78,070	3,78,070
Subordinated liabilities	-	-	-	52,807	52,807
Lease liabilities	-	-	-	29	29
Other financial liabilities	-	-	-	929	929
Total	-	-	4,176	6,75,135	6,79,311

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

38. Financial Instruments *(Continued)*

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.

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

As at March 31, 2023	Level 1	Level 2	Level 3	Total
Financial Assets:				
Investments	-	65,126	-	65,126
Loans	-	-	37,067	37,067
Derivative financial instruments	-	1,686	-	1,686
Total	-	66,812	37,067	1,03,879
Financial Liabilities:				
Derivative financial instruments	-	-	-	-
Total	-	-	-	-

As at March 31, 2022	Level 1	Level 2	Level 3	Total
Financial Assets:				
Investments	-	46,094	-	46,094
Loans	-	-	36,777	36,777
Derivative financial instruments	-	2,475	-	2,475
Total	-	48,569	36,777	85,346
Financial Liabilities:				
Derivative financial instruments	-	4,176	-	4,176
Total	-	4,176	-	4,176

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

38. Financial Instruments *(Continued)*

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

Measured at Level 3	As at March 31, 2023		As at March 31, 2022	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets at amortised cost:				
Loans	9,89,734	9,84,703	7,32,565	7,38,825
Investments	20,057	19,865	9,963	9,898
Total	**10,09,791**	**10,04,568**	**7,42,528**	**7,48,723**
Financial Liabilities at amortised cost:				
Borrowings (includes debt securities and subordinated liabilities)	9,18,505	9,28,909	6,73,432	6,78,876
Total	**9,18,505**	**9,28,909**	**6,73,432**	**6,78,876**

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

Fair value of the Financial instruments measured at amortised cost

The fair value of loans given is based on observable market transactions, to the extent available. Wherever the observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes interest rates, prepayment rates, primary origination or secondary market spreads. Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions.

The fair value of borrowings is estimated using discounted cash flow techniques, applying the rates that are offered for borrowings of similar maturities and terms.

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

Financial instruments	Fair value as at As at March 31, 2023	Fair value as at As at March 31, 2022	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Loans - FVTOCI	37,067	36,777	Level 3	Discounted contractual cash flows.	Discounting rate of 10.57% (previous year : 9.05%) and future	Higher the discounting rate lower the fair value of loans
Financial instruments at FVTOCI	**37,067**	**36,777**				

NA: Not applicable

There were no transfers between Level 1 and Level 2 and Level 3 of the fair value hierarchy in the year.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

38 Fair values of financial instruments

See accounting policy in Note 2(iv).

E Level 3 fair value measurements

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

i

(Rs. in lakh)	Fair Value through Other Comprehensive Income - Loans	
	March 31, 2023	March 31, 2022
Balance at the beginning of the year	36,777	80,865
Total gains or (losses):		
in profit or loss	-	-
in OCI	(195)	(156)
Purchases	13,747	5,433
Settlements	(13,262)	(49,365)
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Balance at the end of the year	**37,067**	**36,777**

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

ii

(Rs. in lakh)	Fair Value through Other Comprehensive Income - Loans	
	March 31, 2023	March 31, 2022
Total gains or (losses):		
recognised in profit or loss:	-	-
Fair value changes :		
-Realised	-	-
-Unrealised	-	-
Total gains or (losses):		
recognised in FVTOCI:	(195)	(156)
Total Net gain/(loss) on fair value changes	(195)	(156)
Dividend Income	-	-
Interest Income	-	-
Total	**(195)**	**(156)**

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, 2023	As at March 31, 2022	As at March 31, 2022
			Favourable	Unfavourable	Favourable	Unfavourable
Loans	Discounting rate	1%	375	(368)	374	(367)

(Rs. in lakh)

39. Risk Management Framework

A) Introduction

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

We as an organization periodically adjust our strategy in cognizance with industry risk dynamics and emergence of new challenges and opportunities.

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

The Company's Risk Management framework has been created with an intent to:
- 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 the Company are compliant with ISO 31000: 2018 which is the international standard for risk management that lays down principles, guidelines and framework for risk management in an organisation.

B) Company's Risk Management Framework for Measuring and Managing Risk

Risk Management Framework

The Company's Capital 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 the Company through alignment of risk by creating, preserving and realizing value.

A comprehensive Enterprise Risk Management ("ERM") Framework has been adopted across Company which uses defined Key Risk Indicators based on quantitative and qualitative factors. We have implemented two-dimensional quantitative data management tool - Heat Map which enables management to have a comprehensive view of 11 identified key risk areas based on their probability and impact.

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

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

(Rs. in lakh)

39. Risk Management Framework

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): Provide guidance on nature of investments that shall be undertaken, and approve credit limits for various counterparties, where exposures in aggregate exceed a certain level.

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

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

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

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 KRIs, operational risk process reviews, etc.
•Operational risk profile based on the KRIs which are beyond the tolerance limit

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.

Business Unit Level Committees

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

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

39. Risk Management Framework

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

a) Credit Risk

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

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

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

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

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

b) Market Risk

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

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

Interest rate risk

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

Refer Note No 40.C.i for summary on sensitivity to a change in interest rates as on March 31, 2023.

Currency Risk

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

The hedging policy as approved by the Asset Liability Committee (ALCO) prescribes the hedging of the risk associated with change in the interest rates and fluctuation of foreign exchange rates. Counter party risk is reviewed periodically in terms of exposure to various counter parties.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed. All hedges entered into by the Company are cash flow hedges.

Equity price risk

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

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

39. Risk Management Framework

Liquidity risk

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

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

Company's liquidity risk management strategy are as follows:

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

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

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

The Company has honoured all its debt obligations on time. Based on liquidity risk assessment, cash-flows mismatches are within the stipulated regulatory limits. The Company has been successful in maintaining the adequate liquidity by raising fresh/renewal of bank lines, regular access to capital market and financial institution under the various schemes promulgated by RBI to raise medium to long term funds. Owing to the above measures, the Company has not seen a rise in its liquidity risk.

Refer Note No 41 for the Maturity analysis for Company's financial liabilities and financial assets as on March 31, 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 company's processes, personnel, systems, or from external factors other than strategic and reputation risk Management of operational risk forms an integral part of the Company's enterprise wide risk management systems. The organisation thrives towards incremental improvements to its operational risk management framework to address the dynamic industry landscape. Clear strategies and oversight by the Board of Directors and senior management, a strong operational risk management culture, effective internal control and reporting and contingency planning are crucial elements of the Company's operational risk management framework.
The operational risk team monitors and reports key risk indicators ("KRI") and KRI exceptions. Suitable risk mitigation actions are taken wherever required to curtail the potential risk at the acceptable levels.
ORMC meets periodically to review the operational risk profile of the organization and oversee the implementation of the risk management framework and policies.
FRMC meets periodically to review matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

The Company has a Business Continuity Planning "BCP" framework in place, to ensure uninterrupted business operations in case any disruptive event occurs. The company immediately activated its Business Continuity Plan (BCP) during this time of COVID 19 pandemic. The Company continues to seamlessly carry out normal operations hence addressing the risk associated with occurrence of the pandemic.

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

Cyber Security Risk

Various measures are adopted to effectively protect the company against phishing, social media threats and rogue mobile. During COVID-19 pandemic the Company ensured seamless accessibility of critical systems through virtual private network (VPN), thereby minimizing the risk of security/data breaches and cyber-attacks.
the Company has adopted "Framework for Improving Critical Infrastructure Cyber Security" published by the National Institute of Standards & Technology (NIST) and complies with regulatory guidelines.

d) Regulatory and Compliance Risk

Regulatory compliances are handled by Finance team, Treasury and Business teams in consultation with Company Compliance team. Statutory compliances are handled by Company Secretarial team, Administrative and people process related compliances are handled by Administration & HR departments.
Additionally, Risk team coordinates for Special Mention Accounts (SMA) and Fraud reporting in line with regulatory guidelines.
As per regulatory requirements, required policies are adopted, modified and rolled from time to time. Compliance to the defined policies is strictly adhered to.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

40 Risk Management review

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

For information on the risk management framework, see Note 39

A. Credit risk
- i. Credit quality analysis
- ii. Collateral held and other credit enhancements
- iii. Amounts arising from ECL
- iv. Concentration of credit risk

B. Liquidity risk
- i. Maturity analysis for financial liabilities and financial assets
- ii. Financial assets position- pledged/unpledged

C. Market risk
- i. Exposure to interest rate risk – Non-trading portfolios
- ii. Exposure to currency risks – Non-trading portfolios

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

E. Capital management
- i. Regulatory capital

A. Credit risk

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

i. Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. 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(xi).

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

40. Financial risk review *(Continued)*

A. Credit risk

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

1) Internal ratings based method implemented by the Company for credit quality analysis of Loans

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 and policies on ECL allowances are set out in Note 39 A (iii).

a)

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	4,76,482	-	-	4,76,482	3,16,068	-	-	3,16,068
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	**10,11,980**	**28,984**	**5,405**	**10,46,369**	**7,46,243**	**31,858**	**5,922**	**7,84,023**

Note : Gross Carrying amount does not include Loan commitments Rs. 95,441 lakh (March 31, 2022: Rs. 1,61,550 lakh)

b)

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 Rs. 425 lakh (March 31, 2022: Rs. 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: The Company has a internal rating model mapped to external Crisil rating grades.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

40. Financial risk review *(Continued)*

2) Days past due based method implemented by Company for credit quality analysis of Loans

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

a)

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	537	10,11,980	7,527	-	10,19,507	416	7,46,243	31,858	-	7,78,101
1-29 days	-	-	-	-	-	-	-	-	-	-
30-59 days	27	-	21,457	-	21,457	-	-	-	-	-
60-89 days	-	-	-	-	-	-	-	-	-	-
90 or more days	3	-	-	5,405	5,405	3	-	-	5,922	5,922
Total	**567**	**10,11,980**	**28,984**	**5,405**	**10,46,369**	**419**	**7,46,243**	**31,858**	**5,922**	**7,84,023**

Note : Gross Carrying amount does not include Loan commitments Rs. 95,441 lakh (March 31, 2022: Rs. 1,61,550 lakh)

b)

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	7,967	640	-	8,607	4,689	4,704	-	9,393
1-29 days	-	-	-	-	-	-	-	-
30-59 days	-	3,041	-	3,041	-	-	-	-
60-89 days	-	-	-	-	-	-	-	-
90 or more days	-	-	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 Rs. 425 lakh (March 31, 2022: Rs. 524 lakh)

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

40. Financial risk review (Continued)

A. Credit risk

3) Disclosure of Net Carrying Value of Loans carried at amortised cost & FVTOCI

PARTICULARS	As at March 31, 2023	As at March 31, 2022
LOANS		
- Amortised Cost	10,09,302	7,47,246
- At Fair Value through Other Comprehensive Income	37,067	36,777
Total - Gross Loans	**10,46,369**	**7,84,023**
Less: Un-Amortized Processing Fees	4,832	3,658
Total - Carrying Value of Loans	**10,41,537**	**7,80,365**
Less : Impairment Allowance	15,161	11,547
Total - Net Loans	**10,26,376**	**7,68,818**

4) Trade Receivables

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	-	-	-	4	-	4
Stage 2: Significant increase in credit risk	-	-	-	-	-	-
Stage 3: Credit impaired	-	-	-	-	-	-
Net Carrying value of trade receivables	**-**	**-**	**-**	**4**	**-**	**4**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

40. Financial risk review *(Continued)*

A. Credit risk

i. Credit quality analysis (Continued)

5) <u>Derivative Financial Instruments</u>

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

Derivatives held for Risk management purposes	**As at March 31, 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	33,295	3	5,832	19,969	-	4,176
Interest rate Cap	-	276	-	-	-	-
Cross currency interest rate swap	45,162	1,407	-	30,208	2,475	-
Total	**78,457**	**1,686**	**5,832**	50,177	2,475	4,176

<u>Derivatives held for risk management purposes, not designated as hedging instruments:</u>

The Company is exposed to foreign currency risk related to external commercial borrowings and the primary risk of change in the floating interest rate and payment in foreign currency towards principal and interest at future date is managed by entering into a cross currency interest rate swap and foreign exchange forward rate purchase agreement respectively.
The Corporation's risk management strategy and how it is applied to manage risk is explained in Note 40

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

ii. Collateral and other credit enhancements

The Company holds collateral and other credit enhancements against certain of its credit exposures.
The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.
The main types of collateral obtained are as follows:
The term loans are secured by charge on assets and cash flows of the underlying solar and road projects
The table represents categories of collaterals available against the loan exposures:

Particulars	**Category of collateral available**
Financial assets	
Loans	
Term loans Credit substitutes	Charge on assets and cash flows of the underlying solar and road projects

(Rs. in lakh)

40. Financial risk review *(Continued)*

A. Credit risk

iii Amounts arising from ECL

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

Inputs, assumptions and estimation techniques used for estimating ECL

1) Inputs:

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

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

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

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

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

2) Assumptions:

The Company has applied following assumptions for determination of ECL.

a) Loss given default (LGD) is an estimate of loss from a transaction given that a default occurs.

b) 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.

c) Exposure at default (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company including loan commitments.

d) Definition of default: A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Further if the customer has requested forbearance in repayment terms, such restructured, rescheduled or renegotiated accounts are also classified as Stage 3. Non-payment on another obligation of the same customer is also considered as a stage 3. Once an account defaults as a result of the days past due condition, it will be considered to be cured only when entire arrears of interest and principal are paid by the borrower.

e) Forward looking information

The Company incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as real GDP, domestic credit growth, money market interest rate etc. as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes. More weight is applied to pessimistic outcome consistently as a matter of prudence than optimistic outcome.

f) Assessment of significant increase in credit risk

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Additionally, accounts identified and reviewed by the Executive committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

3) Estimation techniques:

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

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

b) 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 the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

40. Financial risk review *(Continued)*

A. Credit risk

iii Amounts arising from ECL

c) 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:

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 capital adequacy purpose) norms is also used.

d) Based on advice from the external risk management experts, the Company considered variety of external actual and forecast information to formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. Such forecasts are adjusted to estimate the PDs.

e) 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.

f) A maximum of a 12-month PD or actual contractual tenure is considered for financial assets for which credit risk has not significantly increased. The Company measures ECL for stage 2 and stage 3 assets considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

g) The portfolio is subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

h) For portfolios in respect of which the Company has limited historical data, external benchmark information is used to supplement the internally available data.

i) Techniques for determining LGD:
LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates against defaulted counterparties. The LGD models consider the cash flow received and assets received in lieu of settlement of loan. LGD estimates are calculated on a discounted cash flow basis using the internal rate of return as the discounting factor. The Company has 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.

j) 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. 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.

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.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

40. Financial risk review *(Continued)*

A. Credit risk

iii Amounts arising from ECL

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

a)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	7,46,243	31,858	5,922	7,84,023	6,00,602	21,470	6,030.00	6,28,102
New assets originated or purchased (including charges levied on existing exposure)	4,66,493	-	-	4,66,493	4,65,884	-	-	4,65,884
Assets derecognised or repaid (excluding write offs)	(2,02,244)	(1,386)	(517)	(2,04,147)	(3,08,993)	(862)	(108)	(3,09,963)
Transfers to Stage 1	3,304	(3,304)	-	-	246	(246)	-	-
Transfers to Stage 2	(1,816)	1,816	-	-	(11,496)	11,496	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**10,11,980**	**28,984**	**5,405**	**10,46,369**	**7,46,243**	**31,858**	**5,922**	**7,84,023**

b)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	4,689	4,704	2,154	11,547	4,065	2,415	2,193	8,673
New assets originated or purchased (including charges levied on existing exposure)	4,979	-	1,359	6,338	5,164	-	-	5,164
Assets derecognised or repaid (excluding write offs)	(1,700)	(1,024)	-	(2,724)	(2,242)	(9)	(39)	(2,290)
Transfers to Stage 1	196	(196)	-	-	16	(16)	-	-
Transfers to Stage 2	(197)	197		-	(2,314)	2,314		-
Transfers to Stage 3	-	-	-	-	-		-	-
Amounts written off	-	-	-	-	-	-	-	-
ECL allowance - closing balance	**7,967**	**3,681**	**3,513**	**15,161**	**4,689**	**4,704**	**2,154**	**11,547**

Note : Include impairment allowance on Loan commitments Rs. 425 lakh (March 31, 2022: Rs. 524 lakh)

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.

a)

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
Term Loans	9,48,224	28,984	5,405	9,82,613	6,88,373	31,858	5,922	7,26,153
Credit Substitutes	63,706	-	-	63,706	57,820	-	-	57,820
Loan to TCL Employee Welfare Trust	50	-	-	50	50	-	-	50
Total	**10,11,980**	**28,984**	**5,405**	**10,46,369**	**7,46,243**	**31,858**	**5,922**	**7,84,023**

Note : Gross Carrying amount does not include Loan commitments Rs. 95,441 lakh (March 31, 2022: Rs. 1,61,550 lakh)

b)

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
Term Loans	7,443	3,681	3,513	14,636	4,458	4,704	2,154	11,316
Credit Substitutes	525	-	-	525	231	-	-	231
Loan to TCL Employee Welfare Trust*	-	-	-	-	-	-	-	-
Total	**7,967**	**3,681**	**3,513**	**15,161**	**4,689**	**4,704**	**2,154**	**11,547**

Note : Include impairment allowance on Loan commitments Rs. 425 lakh (March 31, 2022: Rs. 524 lakh)
* less than Rs. 50,000/-

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

40. Financial risk review *(Continued)*

B. Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Company, see Note 39.

i. **Exposure to liquidity risk**

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

ii. Maturity analysis for financial liabilities and financial assets

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

As at March 31, 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 liability by type									
Non-derivative liabilities									
Trade payables	1,153	1,153	577	577	-	-	-	1,153	-
Debt securities	2,91,203	2,91,203	-	32,500	60,143	1,78,560	20,000	92,643	1,98,560
Borrowings (Other than debt securities)	5,74,507	5,74,507	1,042	37,583	1,74,820	3,39,132	21,929	2,13,445	3,61,062
Subordinated liabilities	52,795	52,795	-	-	-	-	52,795	-	52,795
Lease Liabilities	152	152	2	5	21	124	-	28	124
Other financial liabilities	1,084	1,084	-	1,084	-	-	-	1,084	-
Derivative financial instruments	5,832	5,832	8	6	5,742	76	-	5,756	76
Total	**9,26,726**	**9,26,726**	**1,629**	**71,754**	**2,40,726**	**5,17,893**	**94,724**	**3,14,109**	**6,12,617**
Market Borrowings	3,43,998	3,43,998	-	32,500	60,143	1,78,560	72,795	92,643	2,51,355
Bank borrowings	5,74,507	5,74,507	1,042	37,583	1,74,820	3,39,132	21,929	2,13,445	3,61,062
Total Borrowings	**9,18,505**	**9,18,505**	**1,042**	**70,083**	**2,34,963**	**5,17,692**	**94,724**	**3,06,088**	**6,12,417**
Financial asset by type									
Non-derivative assets									
Cash and cash equivalents	5,287	5,287	4,758	-	529	-	-	5,287	-
Bank balances	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-
Loans #	10,26,801	10,26,801	24,287	53,604	2,42,895	5,34,093	1,71,921	3,20,787	7,06,014
Investments	85,183	85,183	85,086	-	-	97	-	85,086	97
Other Financial Assets	183	183	37	146	-	-	-	183	-
Derivative financial instruments	1,686	1,686	-	-	3	1,683	-	3	1,683
Total	**11,19,140**	**11,19,140**	**1,14,168**	**53,751**	**2,43,427**	**5,35,873**	**1,71,921**	**4,11,346**	**7,07,794**

#Loans reporting as per ALM includes Stage I and II provisions and excludes NPA (net of provisions)

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

40. Financial risk review *(Continued)*

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

As at March 31, 2022	**Carrying amount**	**Gross nominal inflow / outflow**	**Less than 1 month**	**1–3 months**	**3 months –1 year**	**1–5 years**	**More than 5 years**	**upto 1 Year**	**more than 1 Year**
Financial liability by type									
Non-derivative liabilities									
Trade payables*	745	745	-	-	745	-	-	745	-
Debt securities	2,42,555	2,42,555	-	36,500	39,555	1,29,000	37,500	76,055	1,66,500
Borrowings (Other than debt securities)	3,78,070	3,78,070	11,480	68,824	15,602	2,64,007	18,157	95,906	2,82,164
Subordinated liabilities	52,807	52,807	-	-	-	-	52,807	-	52,807
Lease Liabilities	29	29	5	10	15	-	-	29	-
Other financial liabilities*	929	929	6	-	923	-	-	929	-
Derivative liabilities	4,176	4,176	6	4	31	4,135	-	41	4,135
Total	**6,79,311**	**6,79,311**	**11,497**	**1,05,338**	**56,870**	**3,97,142**	**1,08,464**	**1,73,705**	**5,05,606**
Market Borrowings	2,95,362	2,95,362	-	36,500	39,555	1,29,000	90,307	76,055	2,19,307
Bank borrowings	3,78,070	3,78,070	11,480	68,824	15,602	2,64,007	18,157	95,906	2,82,164
Total Borrowings	**6,73,432**	**6,73,432**	**11,480**	**1,05,324**	**55,157**	**3,93,007**	**1,08,464**	**1,71,961**	**5,01,471**
Financial asset by type									
Non-derivative assets									
Cash and cash equivalents	15,053	15,053	13,548	1,505	-	-	-	15,053	-
Bank balances	-	-	-	-	-	-	-	-	-
Receivables*	4	4	-	-	4	-	-	4	-
Loans	7,69,342	7,69,342	11,585	28,214	1,26,078	2,38,276	3,65,188	1,65,878	6,03,464
Investments	56,057	56,057	55,977	-	-	80	-	55,977	80
Other Financial Assets*	314	314	-	-	1	313	-	1	313
Derivative financial instruments	2,475	2,475	912	1,563	-	-	-	2,475	-
Total	**8,43,245**	**8,43,245**	**82,022**	**31,282**	**1,26,083**	**2,38,669**	**3,65,188**	**2,39,388**	**6,03,857**

* Maturity pattern considered as per ALM reporting.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

40. Financial risk review *(Continued)*

B. **Liquidity risk**

iii. Financial assets position- pledged/unpledged

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

	As at March 31, 2023			As at March 31, 2022		
ASSETS	**Pledged**	**Not Pledged**	**Total**	**Pledged**	**Not Pledged**	**Total**
Financial assets						
Cash and cash equivalents	-	5,287	5,287	-	15,053	15,053
Bank Balance other than (a) above	-	-	-	-	-	-
Derivatives financial instruments	-	1,686	1,686	-	2,475	2,475
Trade Receivables	-	-	-	-	4	4
Loans	10,26,801	-	10,26,801	7,69,342	-	7,69,342
Investments	-	85,183	85,183	-	56,057	56,057
Other financial assets	-	183	183	-	314	314
Non-financial Assets						
Current tax asset	-	-	-	-	1,903	1,903
Deferred tax Assets (Net)	-	3,897	3,897	-	3,077	3,077
Investment property	191	-	191	201	-	201
Property, Plant and Equipment	-	108	108	-	91	91
Capital work-in-progress	-	156	156	-	2	2
Other Intangible assets	-	10	10	-	7	7
Right to use assets	-	212	212	-	32	32
Other non-financial assets	-	131	131	-	130	130
Total Assets	**10,26,992**	**96,853**	**11,23,845**	**7,69,543**	**79,145**	**8,48,688**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

40. Financial risk review *(Continued)*

C. **Market risk**

i Exposure to interest rate risk – Non-trading portfolios

The Company carries out interest rate sensitivity analysis to assess the impact on earnings of interest rate movement considering the rate sensitive assets and rate sensitive liabilities upto one year period. The fixed rate assets and liabilities which are falling due on residual basis within one year have been considered as floating rate assets and liabilities basis the minimum of 'interest rate reset date or maturity of the contract'. The basis risk between various benchmark linked to assets and liabilities are considered to be insignificant.

Below table illustrates impact on earnings on account of 100 bps change on in interest rate on the assets and liabilities due for repayment / rate reset in next one year.

As at March 31, 2023

(Rs. in lakh)

Rate sensitive	**Less than 1 Year**	**@ 100bps change increase**	**@ 100bps change decrease**
Rate sensitive assets	12,76,536	9,885	(9,885)
Rate sensitive liabilities	8,08,106	5,848	(5,848)
Net Gap (Asset - liability)	4,68,430	4,038	(4,038)

As at March 31, 2022

(Rs. in lakh)

Rate sensitive	**Less than 1 Year**	**@ 100bps change increase**	**@ 100bps change decrease**
Rate sensitive assets	8,26,566	6,273	(6,273)
Rate sensitive liabilities	4,19,483	3,200	(3,200)
Net Gap (Asset - liability)	4,07,082	3,073	(3,073)

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	58%	48%
Fixed rate borrowings	42%	52%
Total borrowings	100%	100%

ii. Exposure to currency risks – Non-trading portfolios

There are no exposure to foreign currency risks in the non trading portfolio as on March 31, 2023, since Company has entered into derivative contract to fully hedge the risk. (Refer Note no. 4 for disclosure relating to derivative financial instruments.)

(Rs. in lakh)

40. Financial risk review *(Continued)*

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

Changes in Liabilities arising from financing activities

particulars	April 1, 2022	Cash Flows (net)	Exchange Difference	Others	March 31, 2023
Debt Securities	2,42,555	43,680	-	4,968	2,91,203
Borrowings (Other than debt securities)	3,78,070	1,97,278	(1,110)	269	5,74,507
Subordinated liabilities	52,807	-	-	(12)	52,795
Total	**6,73,432**	**2,40,958**	**(1,110)**	**5,225**	**9,18,505**

Other column includes the effect of interest accrued but not due, amortisation of borrowing cost, amortisation of premium/discount on CPs/NCDs (including subordinated debts).

particulars	April 1, 2021	Cash Flows (net)	Exchange Difference	Others	March 31, 2022
Debt Securities	1,54,972	82,032	-	5,551	2,42,555
Borrowings (Other than debt securities)	3,22,207	56,135	(407)	135	3,78,070
Subordinated liabilities	53,036	-	-	(229)	52,807
Total	**5,30,215**	**1,38,167 -**	**407**	**5,457**	**6,73,432**

Other column includes the effect of interest accrued but not due, amortisation of borrowing cost, amortisation of premium/discount on CPs/NCDs (including subordinated debts).

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

40. Financial risk review *(Continued)*

E. Capital management

i Regulatory capital

The Reserve Bank of India (RBI) sets and monitors capital adequacy requirements for the Company from time to time.

The Company's regulatory capital consists of the sum of the following elements.

Tier 1 Capital includes:
1) Ordinary share capital,
2) securities premium account,
3) retained earnings,
4) special reserve
5) general reserve
Tier 1 Capital does not include unrealised fair value gain/loss booked for financial instruments measured at fair value through profit and loss.
Following items are deducted from Tier I
a) Intangibles
b) Deferred revenue expenditure for raising borrowings
c) Deferred tax assets
d) Prepaid expenses and unamortised direct sourcing cost

Tier II capital includes
1) subordinated debt
2) impairment allowance provisioning for stage 1 financial assets to the extent the same does not exceed 1.25% of Risk weighted assets (standard asset provisions)
3) perpetual debt to the extent not eligible for Tier I.

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.
The Board of Directors (BOD) has authorised the Asset and Liability Management Committee (ALCO) to review the Capital requirement. Treasury team closely monitors the Tier I and Tier II capital requirement of the Company and reports to ALCO. The Company endeavour to maintain a balance between ensuring high level of return on capital employed and securing strong capital base.
The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital.
The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

Amt. in lakh	**As at March 31, 2023**	**As at March 31, 2022**
Tier 1 capital		
Ordinary share capital	45,929	45,929
Securities premium reserve	45,903	45,903
Retained earnings	71,010	49,694
Special reserve u/s 45 IC	20,731	15,161
Special reserve u/s 36 (1) (viii)	10,800	9,834
General reserve	35	22
Other reserves	(120)	(45)
Less		
-Deferred Revenue Expenditure	(1,240)	(953)
-Prepaid Expenses	(93)	(65)
-Deferred Tax Asset	(3,897)	(3,077)
-Other Intangible Assets	(166)	(9)
-Right of Use Assets	(212)	-
Tier I Capital	**1,88,680**	**1,62,394**
Subordinate Debt	50,000	50,000
Impairment loss allowance - stage I	7,967	4,689
Tier II Capital	**57,967**	**54,689**
Tier I + Tier II Capital	**2,46,647**	**2,17,083**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

41. Maturity analysis of assets and liabilities

The table below set out carrying amount of assets and liabilities according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

i Maturity analysis of assets

	As at March 31, 2023			As at March 31, 2022		
ASSETS	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial assets						
Cash and cash equivalents	5,287	-	5,287	15,053	-	15,053
Derivative financial instruments	3	1,683	1,686	2,475	-	2,475
Trade Receivables	-	-	-	4	-	4
Loans#	3,20,787	7,06,014	10,26,801	1,65,878	6,03,464	7,69,342
Investments	85,086	97	85,183	55,977	80	56,057
Other financial assets	183	-	183	1	313	314
Non-financial Assets						
Current tax assets (Net)	-	-	-	-	1,903	1,903
Deferred tax Assets (Net)	-	3,897	3,897	-	3,077	3,077
Investment property	-	191	191	-	201	201
Property, Plant and Equipment	-	108	108	-	91	91
Intangible assets under development	-	156	156	-	2	2
Other intangible assets	-	10	10	-	7	7
Right of use assets	-	212	212	-	32	32
Other non-financial assets	93	38	131	65	65	130
Total Assets	**4,11,439**	**7,12,406**	**11,23,845**	**2,39,453**	**6,09,235**	**8,48,688**

#Loans reporting as per ALM includes Stage I and II provisions and excludes NPA (net of provisions)

ii. Maturity analysis of liabilities

	As at March 31, 2023			As at March 31, 2022		
LIABILITIES	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial Liabilities						
Trade Payables	1,153	-	1,153	745	-	745
Debt Securities	92,643	1,98,560	2,91,203	76,055	1,66,500	2,42,555
Borrowings (Other than debt securities)	2,13,445	3,61,062	5,74,507	95,906	2,82,164	3,78,070
Subordinated liabilities	-	52,795	52,795	-	52,807	52,807
Lease Liabilities	28	124	152	29	-	29
Other financial liabilities	1,084	-	1,084	929	-	929
Derivative financial instruments	5,756	76	5,832	41	4,135	4,176
Non-Financial Liabilities						
Current tax liabilities (Net)	459	-	459	854	-	854
Provisions	125	425	550	524	85	609
Other non financial liabilities	411	-	411	232	-	232
Total liabilities	3,15,104	6,13,042	9,28,146	1,75,315	5,05,691	6,81,006
Net	96,335	99,364	1,95,699	64,138	1,03,544	1,67,682

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

42. Disclosure as required by Indian Accounting Standard (Ind AS) – 115 on "Revenue from Contracts with Customers" notified under the Companies (Indian Accounting Standard) Rules, 2015:

Below table provides disaggregation of the Company's revenue from contracts with customers

PARTICULARS		For the year ended March 31, 2023	For the year ended March 31, 2022
i	**Type of service**		
	- Fee and commission income	1,498	1,809
	- Other income	15	9
	Total	**1,513**	**1,818**
ii.	**Primary geographical market:**		
	- Outside India	38	84
	- India	1,475	1,734
	Total revenue from contracts with customer	**1,513**	**1,818**
iii.	**Timing of revenue recognition**		
	- at a point in time upon rendering services	1,513	1,818
	- over period of time upon rendering services	-	-
	Total	**1,513**	**1,818**
iv.	**Trade receivables towards contracts with customers**		
	- Opening Balance	4	14
	- Closing Balance	-	4
v.	**Impairment on trade receivables towards contracts with customers**	-	-

As on March 31, 2023 and March 31, 2022, the Company doesn't have any unsatisfied/partially satisfied performance obligation.

(Rs. in lakh)

43 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Maturity pattern of certain items of Assets and Liabilities

For the year 2022-23

	Liabilities			Assets		
Particulars	**Borrowings from Banks**	**Market Borrowings**	**Foreign Currency Borrowings**	**Advances#**	**Investments**	**Foreign Currency Assets**
1 day to 7 days	-	-	-	5,335	85,086	-
8 days to 14 days	-	-	-	4,427	-	-
15 days to 30 / 31 days	1,042	-	-	14,525	-	-
Over One month to 2 months	10,000	32,500	-	24,712	-	-
Over 2 months upto 3 months	27,583	-	-	28,893	-	-
Over 3 months to 6 months	50,679	22,500	20,955	84,728	-	-
Over 6 months to 1 year	75,956	37,643	27,231	1,58,168	-	-
Over 1 year to 3 years	2,24,901	1,61,060	65,954	3,95,827	-	-
Over 3 years to 5 years	48,277	17,500	-	1,38,265	97	-
Over 5 years	21,929	72,795	-	1,71,921	-	-
Total	**4,60,367**	**3,43,998**	**1,14,140**	**10,26,801**	**85,183**	**-**

#Loans reporting as per ALM includes Stage I and II provisions and excludes NPA (net of provisions)

Note : During the Financial Year 2022-23, the company has experienced significant prepayments of loans. The ALM statement of March 2023 has been prepared based on scheduled repayment structure and actual inflows received in April 23.

For the year 2021-22

	Liabilities			Assets		
Particulars	**Borrowings from Banks**	**Market Borrowings**	**Foreign Currency Borrowings**	**Advances**	**Investments**	**Foreign Currency Assets**
1 day to 7 days	-	-	-	2,529	55,977	-
8 days to 14 days	-	-	-	2,514		
15 days to 30 / 31 days	1,042	-	10,439	6,542		
Over One month to 2 months	47,083	-	-	11,085	-	-
Over 2 months upto 3 months	4,458	36,500	17,283	17,129	-	-
Over 3 months to 6 months	6,958	5,000	-	42,355	-	-
Over 6 months to 1 year	8,643	37,362	-	83,724	-	-
Over 1 year to 3 years	1,92,353	1,29,000	58,908	1,46,741	80	-
Over 3 years to 5 years	12,746	-	-	91,535	-	-
Over 5 years	18,157	87,500	-	3,65,188	-	-
Total	**2,91,441**	**2,95,362**	**86,629**	**7,69,342**	**56,057**	**-**

Note : During the Financial Year 2021-22, the company has experienced significant prepayments of loans. The ALM statement of March 2022 has been prepared based on scheduled repayment structure and actual inflows received in April 22.

44 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

Capital to Risk Asset Ratio (CRAR)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
CRAR (%)	21.01%	23.24%
CRAR - Tier I Capital (%)	16.07%	17.38%
CRAR - Tier II Capital (%)	4.94%	5.86%
Amount of Subordinated Debt raised as Tier II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

45 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

Liabilities Side:

Particulars	Amount Outstanding		Amount Overdue	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not due				
a) Debentures:				
(other than those falling within the meaning of public deposit)				
- Secured	2,61,800	2,07,899	-	-
- Unsecured	52,795	52,807	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	5,39,507	3,33,070	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	29,403	34,656	-	-
f) Other loans	-	-	-	-
- Working Capital Demand Loan	35,000	45,000	-	-
- Overdraft	-	-	-	-

Assets side:

Particulars	Amount Outstanding	
	2022-23	2021-22
2) Break up of loans and advances including bills receivables		
(other than those included in (3) below)		
- Secured	10,41,354	7,83,973
- Unsecured	5,015	50
3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
a) Lease assets including lease rentals under sundry debtors:		
- Financial Lease	-	-
- Operating Lease	-	-
b) Stock on hire including hire charges under sundry debtors		
- Assets on hire	-	-
- Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
- Loans where assets have been repossessed	-	-
- Other loans	-	-

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

45 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

Assets side:

Particulars	**Amount Outstanding 2022-23**	**2021-22**
4) Break up of Investments		
Current Investments:		
a) **Quoted:**		
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	65,030	46,002
- Government Securities	15,619	3,999
- Others (Treasury Bills)	4,438	5,964
b) **Unquoted:**		
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	-	-
- Others (Pass through certificate)	-	-
Long-Term Investments:	-	-
a) **Quoted:**		
- Shares: Equity (Net of provision)	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	96	92
- Government Securities	-	-
- Others (Treasury Bills)	-	-
b) **Unquoted:**	-	-
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	-	-
- Others	-	-

5) Borrower group-wise classification of assets financed as in (2) and (3) above

(Rs. in lakh)

Particulars	**Secured 2022-23**	**Secured 2021-22**	**Unsecured 2022-23**	**Unsecured 2021-22**	**Total 2022-23**	**Total 2021-22**
a) Related parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	-	-	-	-	-	-
(iii) Other related parties	-	-	50	50	50	50
b) Other than related parties	10,41,354	7,83,973	4,965	-	10,46,319	7,83,973
TOTAL	**10,41,354**	**7,83,973**	**5,015**	**50**	**10,46,369**	**7,84,023**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

45 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

Assets side:

6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

(Rs. in lakh)

Particulars	Market Value/Break up or fair value or NAV		Book Value (Net of Provisions)	
	2022-23	2021-22	2022-23	2021-22
a) Related parties				
i) Subsidiaries	-	-	-	-
ii) Companies in the same group	-	-	-	-
iii) Other related Parties	-	-	-	-
b) Other than related parties	85,183	56,057	85,183	56,057
TOTAL	**85,183**	**56,057**	**85,183**	**56,057**

7) Other Information

(Rs. in lakh)

Particulars	2022-23	2021-22
a) Gross Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	5,405	5,922
b) Net Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	1,892	3,768
c) Assets acquired in satisfaction of debt	-	-

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

46 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

(i) Funding Concentration based on significant counterparty

Sr. No	Number of Significant Counterparties	Amount*	% of Total deposits	% of Total Liabilities
1	16	6,50,612	0%	70%

* Principal amount outstanding as on March 31, 2023

(ii) Top 20 Large Deposits

Sr. No	Counterparty	Amount	% of total deposits
	Nil		

(iii) Top 10 Borrowing

Sr. No	Name of Counterparty	Amount*	% of total borrowings
1	10	5,56,489	61%

* Principal amount outstanding as on March 31, 2023

(iv) Funding Concentration based on significant instrument/product

Sr.No	Name of the instrument/product	Amount	% of total liabilities
1	Bank Loans	2,97,989	32%
2	Non-Convertible Debentures	3,02,060	33%
3	Commercial Paper	30,000	3%
4	Inter-Corporate Deposits	0	0%
5	Loan from Financial Institution	1,62,275	17%
6	External Commercial Borrowings	1,15,263	12%
	Total	**9,07,587**	

(v) Stock Ratios

Particulars	%
(a) Commercial papers as a % of total public funds	3%
(a) Commercial papers as a % of total liabilities	3%
(a) Commercial papers as a % of total assets	3%
(b)Non-convertible debentures (original maturity less than 1 year) as a % of total public funds	0%
(b)Non-convertible debentures (original maturity less than 1 year) as a % of total liabilities	0%
(b)Non-convertible debentures (original maturity less than 1 year) as a % of total assets	0%
(c)Other Short-term liabilities as a % of total public funds	31%
(c)Other Short-term liabilities as a % of total Liabilities	31%
(c)Other Short-term liabilities as a % of total Assets	25%

(vi) The Company’s Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors has established the Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

Footnotes :

For the purpose of above disclosure, "Public Funds" i.e. Commercial papers, NCD's and CRPS are shown at Face Value whereas Total assets and total liabilities are shown at Carrying values.

Total Liabilities refer to Total outside liabilities i.e. Balance sheet total excluding Share Capital and Reserves.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

46 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

(vii) Disclosure relating to Liquidity Coverage Ratio ("LCR")

		Three months ended Mar 31, 2023		Three months ended Dec 31, 2022		Three months ended Sep 30, 2022		Three months ended June 30, 2022	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Assets									
1	Total High Quality Assets (HQLA)	21,254	21,254	22,240	22,240	29,846	29,846	22,786	22,786
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	6,222	7,156	15,348	17,650	33,804	38,875	12,582	14,470
4	Secured wholesale funding	11,804	13,575	11,389	13,098	10,122	11,641	28,772	33,087
5	Additional requirements, of which	48,678	55,979	58,242	66,979	41,189	47,368	32,053	36,861
(i)	*Outflows related to derivative exposures and other collateral requirements*	-	-	-	-	-	-	-	-
(ii)	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-
(iii)	*Credit and liquidity facilities*	48,678	55,979	58,242	66,979	41,189	47,368	32,053	36,861
6	Other contractual funding obligations	4,397	5,056	4,148	4,770	3,080	3,542	12,161	13,985
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**71,101**	**81,766**	**89,127**	**1,02,497**	**88,196**	**1,01,425**	**85,568**	**98,403**
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	22,599	16,949	23,193	17,395	17,396	13,047	17,698	13,274
11	Other cash inflows	2,73,259	2,04,945	2,42,800	1,82,100	2,33,800	1,75,350	2,34,617	1,75,963
12	**TOTAL CASH INFLOWS**	**2,95,859**	**2,21,894**	**2,65,993**	**1,99,495**	**2,51,196**	**1,88,397**	**2,52,315**	**1,89,236**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	**TOTAL NET CASH OUTFLOWS**		20,441		25,624		25,356		24,601
14	**TOTAL HQLA MAINTAINED**		21,254		22,240		29,846		22,786
15	**LIQUIDITY COVERAGE RATIO (%)**		**104%**		**87%**		**118%**		**93%**

Tata Cleantech Capital Limited

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

46 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

a LCR framework under the liquidity risk management of the Tata Capital Cleantech Limited (TCCL) is undertaken by the Market risk division in the Risk group under the central oversight of the Asset Liability Management Committee (ALCO) in accordance with the Board approved policies.

b As per the RBI circular dated 4th Nov 2019 circular no RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 all non-deposit taking NBFCs with asset size of Rs.10,000 crore and above, and all deposit taking NBFCs irrespective of their asset size, shall maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days.
Road Map for NBFCs to adhere the LCR is as per the table (as prescribed by RBI).

c

From	01-Dec-20	01-Dec-21	01-Dec-22	01-Dec-23	01-Dec-24
Minimum LCR	30%	50%	60%	85%	100%

d As per the above requirement, Tata Cleantech Capital Limited (TCCL) is required to maintain LCR from December 01, 2020. Therefore, for the year ended 31 March 2023, the Company has disclosed the LCR as a simple average of 3 months within a quarter for all four quarters of FY 22-23.

e **LCR maintained**: Starting in December 2020, LCR has been computed as per methodology prescribed in the RBI circular dated November 4, 2019. For the quarter ended March 23, the simple average of the past three months was observed at 104% (HQLA- Rs. 21,254 lakh) against the requirement of minimum 70% (HQLA - Rs. 14,309 lakh). For the year FY23, the company has been compliant with LCR framework for all 4 quarters.

f **Main drivers to the LCR numbers:** All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

g **Intra-period changes and changes over time:** As per RBI guidelines, the company has been monitoring the LCR on a daily basis for the period of April 22 to March 23. For Q4 FY23, maximum and minimum required HQLA for regulatory compliance has been Rs.19,028 lakh and Rs. 7,059 lakh respectively.

h **Composition of HQLA:** The HQLA maintained by TCCL comprises Government securities such as long dated G-sec, T bills and cash balance maintained in current account. The details are given below.
For the period Q4 FY22 between Jan to March 2023, the average HQLA of (Rs. 21,254 lakh) comprised of Rs. 371 lakh in cash and remaining Rs. 20,833 lakh from government securities and T bill.

i **Concentration of funding sources:**
The company maintains well diversified sources of funding comprising short/long term loans from banks, NCDs, sub-ordinated and perpetual debt, ECBs and CPs. The funding pattern is reviewed regularly by the management.

j **Derivative exposures and potential collateral calls:**
As on March 31, 2023 the company has fully hedged interest and principal outflows on the foreign currency ECBs. ECBs constitutes no more than 13% of the total borrowings as on March 31, 2023. Hence, derivative exposures are considered NIL.

k **Currency mismatch in LCR:** There is NIL mismatch to be reported in LCR as on March 31, 2023 since FCY ECBs are fully hedged for the corresponding interest and principal components.

l Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile. NIL as on March 31, 2023.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

47 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ***(Continued)***

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 I	10,11,980	7,542	10,04,438	4,048	3,494
	Stage II	28,984	3,681	25,303	116	3,565
Subtotal for Standard	**Stage I & II**	**10,40,964**	**11,223**	**10,29,741**	**4,164**	**7,059**
Non-Performing Assets (NPA)						
Substandard	Stage III	-	-	-	-	-
Doubtful - up to 1 year	Stage III	-	-	-	-	-
1 to 3 years	Stage III	5,405	3,513	1,892	1,622	1,892
More than 3 years	Stage III	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss	Stage III	-	-	-	-	-
Subtotal for NPA		**5,405**	**3,513**	**1,892**	**1,622**	**1,892**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage I	2,46,232	425	-	-	425
	Stage II	-	-	-	-	-
	Stage III	-	-	-	-	-
Subtotal		**2,46,232**	**425**	**-**	**-**	**425**
Total	Stage I	10,11,980	7,967	10,04,438	4,048	3,919
	Stage II	28,984	3,681	25,303	116	3,565
	Stage III	5,405	3,513	1,892	1,622	1,892
	Total	**10,46,369**	**15,161**	**10,31,633**	**5,785**	**9,376**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

48. Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

Derivative Instruments Exposures:

Derivative positions open as at March 31, 2023 and March 31, 2022 in the form of foreign currency forward exchange contract and interest rate cross currency swap are disclosed below. These transactions were undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and qualify or can be designated as hedging instruments. The accounting for these transactions is stated in note 2 (ix).

Forward exchange contracts (being derivative instrument), which are not intended for trading or speculation purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date at certain payables and receivables. Cross currency swap is entered to exchange an amount of cash in one currency for the same amount in another.

The Company does not hold any derivative instrument which are intended for trading or speculation as on the reporting date.

Outstanding foreign exchange forward contracts and cross currency swap entered into by the Company: -

Particulars	Buy / Sell	For the Year ended March 31, 2023			For the Year ended March 31, 2021		
		USD (Mio)	JPY (Mio)	Rs. In lakh	USD (Mio)	JPY (Mio)	Rs. In lakh
Foreign exchange forward contracts i.e. Notional principal of Swap Agreements (Foreign currency amount payable at future date *Closing exchange rate)	Buy	165	3,190	33,295	-	3,222	19,969
Cross currency swap contract i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	55	-	45,162	40	-	30,208
Cap option i.e. Notional principal of Swap Agreements (Foreign Currency borrowings*Closing exchange rate)	Buy	-	-	-	-	-	-
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Buy	NA	-	NA	NA	-	NA
Collateral required by the NBFC upon entering into swaps	Buy	NA	-	NA	NA	-	NA
Concentration of credit risk arising from the swaps $	Buy	NA	-	NA	NA	-	NA
The fair value gain/(loss) of the foreign exchange forward contract	Buy	NA	-	(1,654)	NA	-	(2,269)
The fair value gain/(loss) of the interest rate swap	Buy	NA	-	276	NA	-	-
The fair value gain of the Cross currency swap contract	Buy	NA	-	(1,068)	NA	-	1,354
The fair value loss of the cap option	Buy	NA	-	-	NA	-	30

Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

The Company has a risk management policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:

a) Treasury and Risk function is authorised to elect appropriate derivative instrument:,
b) The Company shall fully hedge the risk on account of foreign currency fluctuation and change interest rate towards external commercial borrowing;
c) The Company has put in place a reporting and monitoring mechanism for the risk associated with the derivative transaction;
d) Company has a hedging policy in place which mandates to have a hedge relation established before a derivative transaction is entered into. The Company ensures that the hedging effectiveness is monitored continuously during the life of the derivative contract;
e) The company has put in place accounting policy covering recording hedge and non-hedge transactions, recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning and credit risk mitigation.

B. Quantitative Disclosure

Particulars	Currency Derivatives		Interest Rate Derivatives	
	2022-23	2021-22	2022-23	2021-22
(i) Derivatives (Notional Principal Amount)	78,457	50,177	-	-
(ii) Marked to Market Positions [1]	-	-	-	-
(a) Assets (+)	1,410	2,475	276	-
(b) Liability (-)	(5,832)	(4,176)	-	-
(iii) Credit Exposure [2]	-	-	-	-
(iv) Unhedged Exposures	-	-	-	-

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

48 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

(i) **Registration**

Issuing Authority	Registration No., if any	Date of registration	Valid upto	Registered as
Reserve Bank of India	N-13.02032	19-Oct-12	-	NBFC-ND-SI converted to NBFC-IFC w.e.f 15 Oct 2015

(ii) **Ratings assigned by credit rating agencies and migration of ratings during the year**

(i) Rating Assigned to	Commercial Papers, Debentures & Bank Loan facility
(ii) Date of Rating	CRISIL : March 31, 2023 | CARE : December 26, 2022 | ICRA : March 31, 2023
(iii) Rating Valid up to	Till the date of reaffirmation
(iv) Name of the Rating Agency	CRISIL Limited (CRISIL), Credit Analysis and Research Limited (CARE), ICRA Limited (ICRA)
(v) Rating of products	
(a) Commercial Paper	CRISIL A1+ , ICRA A1+
	March 31, 2022: CRISIL A1+ , ICRA A1+
(b) Debentures	Secured NCDS : CRISIL AAA/Stable, CARE AAA:Stable Secured NCDS - MLD: CRISIL PP-MLD AAA/Stable Perpetual NCDS : CRISIL AA+/Stable; CARE AA+; Stable Sub-Debt NCDs : CRISIL AAA/Stable; CARE AAA; Stable
	March 31, 2022: Secured NCDS : CRISIL AAA/Stable, CARE AAA:Stable Secured NCDS - MLD: CRISIL PP-MLD AAAr/Stable Perpetual NCDS : CRISIL AA+/Stable; CARE AA+; Stable Sub-Debt NCDs : CRISIL AAA/Stable; CARE AAA; Stable
(c) Bank Loan Facility	CRISIL AAA/Stable
	March 31, 2022: CRISIL AAA/Stable

(iii) **Penalties levied by RBI**

RBI has not levied any penalties on the Company during the year.

(iv) **Off Balance Sheet Exposure as on March 31, 2023 is as follows:**

a) Undrawn Commitment given to the Borrower
As on March 31, 2022 Rs. 72,183 lakh (March 31, 2022: Rs. 1,18,274 lakh)
Less than one year : Rs. Nil (March 31, 2022: Rs. Nil)
More than one year : Rs. 72,183 lakh (March 31, 2021: Rs. 1,18,274 lakh)

b) Letter of Comfort Rs. 23,258 lakh (March 31, 2022 Rs. 43,276 lakh)

(v) **Provisions and Contingencies**

(Rs. in lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	2022-23	2021-22
Provision towards NPA (Note 26)	1,360	(39)
Provision made towards Income tax (Note 9)	9,209	6,484
Provision for standard assets (Stage I & II) (Note26)	2,484	2,820
Provision against other doubtful advances (Note26)	-	(1)
Provision for Employee Benefits (Note33)	40	(5)
Total	**13,093**	**9,259**

Notes:
1. The Company has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Indian Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made separately as contingent liabilities in the notes to the accounts forming part of the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

2. The Company has not availed relief in the classification and provision for non-performing assets against the exposure to micro, small and medium borrowers registered under Goods and Service Tax as provided by RBI through its circular no. RBI/2017-18/129 DBR.No.BP.BC.100/21.04.048/2017-18 dated February 7, 2018.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

48 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

(vi) **Concentration of Advances & Exposures stood as follows:**

Advances#

(Rs. In lakh)

Particulars	**2022-23**	**2021-22**
Total advances to twenty largest borrowers	4,59,997	3,58,786
Percentage of advances to twenty largest borrowers to total advances of the NBFC	43.96%	45.76%

Includes Loans, Advances & Credit Substitutes

Exposure *

(Rs. In lakh)

Particulars	**2022-23**	**2021-22**
Total advances to twenty largest borrowers	4,94,500	4,35,953
Percentage of exposures to twenty largest borrowers to total exposure of the NBFC	43.31%	46.10%

* Includes Loans, Advances and Credit Substitutes (including loan sanctioned but partly disbursed)

(vii) **Concentration of NPAs**

(Rs. In lakh)

Particulars	**2022-23**	**2021-22**
Total Exposure to NPA accounts	5,405	5,922

(viii) **Sector-wise NPAs**

(Rs. In lakh)

Sector	Percentage of NPAs to Total Advances in that sector	
	2022-23	**2021-22**
Infrastructure - Power	0.67%	0.95%

(ix) The Company does not have any Joint Ventures and Subsidiaries abroad. The Company has not sponsored any SPVs. Accordingly there is no disclosure applicable

(x) The Company had Nil complaints at the beginning of the year. No complaints were received during the year.

(xi) The Company has not done any Securitisation during the financial year. (March 31, 2022: Nil)

(xii) No parent company products are financed during the year (March 31, 2022: Nil)

(xiii) The Exposure to a single borrower does not exceed the limit stipulated by the RBI Concentration norms applicable to NBFCs for the current year.

(xiv) The Exposure to unsecured advances is Rs. 5,015 lakh (March 31, 2022: Rs. 50 lakh) constituting 0.48% of the Gross Loans and Advances.

(xv) Since the Company does not have significant uncertainties pending resolutions as at March 31, 2023, revenue recognition has not been postponed.

(xvi) The disclosure of the Concentration of Deposits taken is not applicable since the Company is not in the business of accepting deposits being a Systemically Important Non Deposit Accepting NBFC.

(xvii) No exposure to Capital market during the year. (March 31, 2022: Nil)

(xviii) Exposure to Real estate sector during the year : Rs. 5,594 lakh . (March 31, 2022: 3,925 lakh)

(xix) The disclosure of the Concentration of Deposits taken is not applicable since the Company is not in the business of accepting deposits being a Systemically Important Non Deposit Accepting NBFC.

(xx) Drawdown of reserves made during current year of Rs. Nil lakh is on account of Share issue expenses (March 31, 2022: Rs.2 lakh).

(xxi) Non Performing Assets purchased during the year - Nil (March 31, 2022: Nil).

(xxii) Details of Non Performing Assets sold during the year - Nil (March 31, 2022: Nil).

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

48 Disclosure of details as required by Notification No. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 as amended under Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 *(Continued)*

(xxiii) NPA Movement during the year

(Rs. In lakh)

	Particulars	2022-23	2021-22
(i)	**Net NPAs to Net Advances (%)**	0.18%	0.48%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening Balance	5,922	6,030
	(b) Additions during the year	-	-
	(c) Reductions during the year	(517)	(108)
	(d) Closing balance	5,405	5,922
(iii)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
	(a) Opening Balance	2,154	2,193
	(b) Additions during the year	1,359	-
	(c) Write-off / write-back of excess provisions	-	(39)
	(d) Closing balance	3,513	2,154
(iv)	**Movement of Net NPAs**		
	(a) Opening Balance	3,768	3,837
	(b) Additions during the year	1,359	-
	(c) Reductions during the year	(517)	(69)
	(d) Closing balance	1,892	3,768

(xxiv) Investments

		Particulars	2022-23	2021-22
1	**Value of Investments**			
	(i)	**Gross Value of Investments**		
		a) In India	85,183	56,057
		b) Outside India	-	-
	(ii)	**Provision for Depreciation**		
		a) In India	-	-
		b) Outside India	-	-
	(iii)	**Net value of investments**		
		a) In India	85,183	56,057
		b) Outside India	-	-
2	**Movement of Provisions held towards depreciation on investments**			
	(i)	Opening Balance	-	-
	(ii)	Add: Provision/fair value loss during the year	-	-
	(iii)	Less: Write-off / write-back of excess provisions or fair value gain during the year	-	-
	(iv)	Closing balance	-	-

Note: The above details does not include investment in the form of Credit Substitutes.

49 The Company has reported frauds aggregating Rs. Nil (Previous year : Rs. Nil) based on management reporting to risk committee and to the RBI through prescribed returns.

50 Analytical Ratios as per Ministry of Corporate Affairs ("MCA") notification dated 24th March 2021:

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	Total capital funds	Total risk weighted assets	21.01%	23.24%	-10%	NA
Tier I CRAR	Capital funds – Tier I	Total risk weighted assets	16.07%	17.38%	-8%	NA
Tier II CRAR	Capital funds – Tier II	Total risk weighted assets	4.94%	5.86%	-16%	NA
Liquidity Coverage Ratio.	Total HQLA (Maintained)	Total Net Cash Outflows	103.98%	62.73%	66%	Note 1

Note :

1. The Liquidity Coverage Ratio (LCR) maintained is higher in March 31, 2023 on account of change in the minimum LCR requirement as per the RBI guidelines which has increased from 50% (in March 31, 2022) to 60% (in March 31, 2023). Additionally, it has been contributed by the increase in Balance Sheet size in the financial year 2021-2022.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

51 Disclosure of details as required by Notification No. 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

(i) **Exposure to real estate sector**

Category	**2022-23**	**2021-22**
i) Direct exposure	**5,594**	**3,925**
a) Residential Mortgages –	-	-
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	-	-
b) Commercial Real Estate –	**5,594**	**3,925**
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	5,594	3,925
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures –	-	-
i. Residential	-	-
ii. Commercial Real Estate	-	-
ii) Indirect Exposure	-	-
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
Total Exposure to Real Estate Sector	**5,594**	**3,925**

(ii) **Exposure to capital market**

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	-	-
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:	-	-
(i) Category I	-	-
(ii) Category II	-	-
(iii) Category III	-	-
Total exposure to capital market	**-**	**-**

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

51 Disclosure of details as required by Notification No. 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

(iii) **Sectoral exposure**

Sectors	**2022-23**			**2021-22**		
Particulars	**Total Exposure (includes on balance sheet and off-balance sheet exposure)**	**Gross NPAs**	**Percentage of Gross NPAs to total exposure in that sector**	**Total Exposure (includes on balance sheet and off-balance sheet exposure)**	**Gross NPAs**	**Percentage of Gross NPAs to total exposure in that sector**
1. Agriculture and Allied Activities	-	-	0.00%	-	-	0.00%
2. Industry						
2.1. Micro and Small	5,733	-	0.00%	2,278	-	0.00%
2.2. Medium	11,688	-	0.00%	8,684	-	0.00%
2.3. Large	11,24,338	5,405	0.48%	9,34,561	5,922	0.63%
Total of Industry (2)	**11,41,759**	**5,405**	**0.47%**	**9,45,523**	**5,922**	**0.63%**
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,	-	-	0.00%	-	-	0.00%
3.9.1. Housing Finance Companies (HFCs)	-	-	0.00%	-	-	0.00%
3.9.2. Public Financial Institutions (PFIs)	-	-	0.00%	-	-	0.00%
3.10. Other Services	50	-	0.00%	50	-	0.00%
Total of Services (3)	**50**	**-**	**0.00%**	**50**	**-**	**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%**
Total (1+2+3+4+5)	**11,41,809**	**5,405**	**0.47%**	**9,45,573**	**5,922**	

(iv) **Intra-group exposures**

Particualrs	**2022-23**	**2021-22**
i) Total amount of intra-group exposures	50	50
ii) Total amount of top 20 intra-group exposures	50	50
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.00%	0.01%

(v) There were no unhedged foreign currency transactions during current year. Refer Note No. 40C (ii) for policies to manage currency induced risk.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

51 Disclosure of details as required by Notification No. 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 *(continued)*

B) Related Party Disclosure

2022-23

						Others			
Nature of transaction	**Holding Company**	**Subsidiary**	**Associate / Joint Ventures**	**Key Managerial Personnel (KMP)**	**Relative of KMP**	**Subsidiary of Holding Company**	**Investor exercising significant influence**	**Total**	**Maximum outstanding during the year**
Borrowings#	-	-	-	-	-	-	37,500	37,500	37,500
Deposits#	-	-	-	-	-	-	-	-	-
Placement of deposits#	-	-	-	-	-	-	-	-	-
Advances#	-	-	-	-	-	-	-	-	-
Investments#	-	-	-	-	-	-	-	-	-
Purchase of fixed/otherassets	-	-	-	-	-	-	-	-	NA
Sale of fixed/other assets	-	-	-	-	-	-	-	-	NA
Interest Paid	-	-	-	-	-	-	-	-	NA
Interest Received	-	-	-	-	-	-	-	-	NA
Others									
Equity shares held	73,926	-	-	-	-	-	17,908	91,834	NA
Issue of Non Convertible Debentures*	-	-	-	-	-	-	37,500	37,500	NA
Purchase of loan portfolio*	-	-	-	-	-	44,142	-	44,142	NA

The outstanding at the year end and the maximum during the year.

* Transactions during the year.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

51 Disclosure of details as required by Notification No. 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 *(continued)*

2021-22

						Others			
Nature of transaction	**Holding Company**	**Subsidiary**	**Associate / Joint Ventures**	**Key Managerial Personnel (KMP)**	**Relative of KMP**	**Subsidiary of Holding Company**	**Investor exercising significant influence**	**Total**	**Maximum outstanding during the year**
Borrowings#	-	-	-	-	-	-	-	-	-
Deposits#	-	-	-	-	-	-	-	-	-
Placement of deposits#	-	-	-	-	-	-	-	-	-
Advances#	-	-	-	-	-	-	-	-	-
Investments#	-	-	-	-	-	-	-	-	-
Purchase of fixed/otherassets	-	-	-	-	-	-	-	-	NA
Sale of fixed/other assets	-	-	-	-	-	-	-	-	NA
Interest Paid	13	-	-	-	-	-	-	13	NA
Interest Received	-	-	-	-	-	-	-	-	NA
Others									
Equity shares held	73,926	-	-	-	-	-	17,908	91,834	NA
Inter-Corporate Deposit received*	18,500	-	-	-	-	-	-	18,500	NA
Inter-Corporate Deposit repaid*	28,500	-	-	-	-	-	-	28,500	NA
Equity capital infusion (inclusive of security premium)*	24,957	-	-	-	-	-	6,046	31,003	NA
Purchase of loan portfolio*	-	-	-	-	-	28,864	-	28,864	NA

The outstanding at the year end and the maximum during the year.

* Transactions during the year.

Notes forming part of the financial statements
for the year ended March 31, 2023

(Rs. in lakh)

51 Disclosure of details as required by Notification No. 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 *(continued)*

C) 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)	-	-

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	**-**	**-**	**-**	**-**	**-**

D) There is no breach of covenant of loan availed or debt securities issued.

E) There is no divergence in asset classification and provisioning.

Notes forming part of the financial statements (Continued)

for the year ended March 31, 2023

(Rs. in lakh)

52 Details of resolution plan implemented under the Resolution Framework for COVID - 19-related Stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0), as at March 31, 2023 are given below:

Type of borrower	**Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)**	**Of (A), aggregate debt that slipped into NPA during the half-year**	**Of (A) amount written off during the half-year**	**Of (A) amount paid by the borrowers during the half-year**	**Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year**
Personal Loans					
Corporate persons*	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Of which, MSMEs					
Others					
Total					

**As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016*

53 Details of loans transferred / acquired during the quarter ended March 31, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

(i) (a) Details of loans not in default acquired as given below. These are entirely through assignment / novation:

Particulars	**Value**
Aggregate amount of loans acquired (in lakhs)	52,226
Weighted average residual maturity (in years)	13
Weighted average holding period by originator (in years)	NA
Retention of beneficial economic interest by the originator	Nil
Tangible security coverage	1
Rating-wise distribution of rated loans	BBB+ to A

(b) Details of loans not in default transferred as given below. These are entirely through assignment / novation:

Particulars	**Value**
Aggregate amount of loans transferred (in lakhs)	-
Weighted average residual maturity (in years)	-
Weighted average holding period by originator (in years)	-
Retention of beneficial economic interest by the originator	-
Tangible security coverage	-
Rating-wise distribution of rated loans	-

Nil instances of replacing loans transferred to transferee(s) or paid damages arising out of any representation or warranty.

(ii) (a) The Company has not transferred any Special Mention Account (SMA).

(b) The Company has not transferred any non-performing assets (NPAs).

(iii) The Company has not acquired any stressed loan.

54 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.

Notes forming part of the financial statements (Continued)
for the year ended March 31, 2023

(Rs. in lakh)

55 The Board of Directors of Tata Cleantech Capital Limited (“the Company” or “TCCL”) at its meeting held on March 28, 2023, approved a Scheme of Arrangement for amalgamation of the Company, a subsidiary of Tata Capital Limited (“TCL”) and Tata Capital Financial Services Limited (“TCFSL”), a wholly owned subsidiary of TCL 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 from the Appointed Date i.e. April 1, 2023 or such other later date as may be decided by the Board of Directors upon fulfilment of all the conditions set out in the Scheme including approval of the Scheme by the Reserve Bank of India and National Company Law Tribunal (“NCLT”) and grant of NBFC license to TCL by the Reserve Bank of India and upon the receipt of other applicable regulatory approvals.

Upon the Scheme becoming effective:

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

(ii) From the appointed date till the effective date, the business carried on by TCCL shall be deemed to have been carried on for and on behalf of and in trust for TCL.

(iii) All the shares of 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 exchange ratio determined based on the Valuation Report and the Fairness opinion.

(iv) The holders of Non-Convertible Debentures (NCD’s) of 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.

56 The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Company, same are not covered:

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.

c) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

d) The Company has not entered into any scheme of arrangement.

e) No satisfaction of charges are pending to be filed with ROC.

f) 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.

g) The Company does not have any relationship with Struck off Companies.

57 Figures in the previous year have been regrouped wherever necessary, in order to make them comparable to the current year.

As per our report of even date

For Mukund M. Chitale & Co.
Chartered Accountants
Firm's Registration No: 106655W

Saurabh M Chitale
Partner
Membership No: 111383
Mumbai

April 20, 2023

For and on behalf of the Board of Directors
Tata Cleantech Capital Limited

Rajiv Sabharwal
(Director)
DIN: 00057333
Mumbai

Sujit Kumar Varma
(Director)
DIN: 09075212
Mumbai

Varsha Purandare
(Director)
DIN: 05288076
Mumbai

Lodewijk Govaerts
(Director)
DIN: 09581838
Amsterdam

Manish Chourasia
(Managing Director)
DIN: 03547985
Mumbai

Behzad Bhesania
(Chief Financial Officer)
Mumbai

Rajesh Gosia
(Company Secretary)
Mumbai