



TATA CAPITAL FINANCIAL SERVICES LIMITED

Tata Capital Financial Services Limited (our "Company" / "TCFSL") was incorporated at Mumbai, Maharashtra on November 19, 2010, as a public limited company, under the provisions of the Companies Act, 1956 bearing CIN U67100MH2010PLC210201, under the name "Tata Capital Financial Services Limited". TCFSL also received a Certificate for Commencement of Business on December 16, 2010. TCFSL has obtained a Certificate of Registration dated November 4, 2011 bearing Registration No. B-13.02005 issued by the Reserve Bank of India ("RBI") to commence the business of a non-banking financial institution without accepting public deposits under Section 45 IA of the RBI Act, 1934. TCFSL is a Systemically Important Non-Deposit taking Non-Banking Financial Company ("NBFC"). For further details regarding changes to the Registered Office of TCFSL, please see the section "History and Main Objects" on page 75 of the Shelf Prospectus.

Corporate Identity Number of TCFSL is U67100MH2010PLC210201

Registered Office: 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, Maharashtra, India

Tel: (+91 22) 6606 9000; Fax: (+91 22) 6656 2699; Website: www.tatacapital.com;

Company Secretary and Compliance Officer: Ms. Avan Doomasia; Tel: (+91 22) 6606 9000; Fax: (+91 22) 6656 2699; Email: compliance.ncd@tatacapital.com

PUBLIC ISSUE BY TATA CAPITAL FINANCIAL SERVICES LIMITED ("COMPANY" OR THE "ISSUER") OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("SECURED NCDs") UP TO ₹ 299,790 LAKH AND UNSECURED, SUBORDINATED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,000 EACH ("UNSECURED NCDs") UP TO ₹ 112,810 LAKH, AGGREGATING UP TO ₹ 412,600 LAKH ("TRANCHE II ISSUE"). THE BASE ISSUE SIZE OF TRANCHE II ISSUE IS ₹ 50,000 LAKH WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UPTO ₹ 362,600 LAKH, AGGREGATING UPTO ₹ 412,600 LAKH ("RESIDUAL SHELF LIMIT"). THE SECURED NCDs AND UNSECURED NCDs ARE TOGETHER REFERRED TO AS THE "NCDs". THIS TRANCHE II ISSUE IS BEING MADE PURSUANT TO THE TERMS AND CONDITIONS OF THIS TRANCHE II PROSPECTUS ("TRANCHE II PROSPECTUS"), WHICH SHOULD BE READ TOGETHER WITH THE SHELF PROSPECTUS DATED AUGUST 29, 2018 ("SHELF PROSPECTUS") FILED WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA, MUMBAI ("ROC"), THE STOCK EXCHANGES AND THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") UNDER THE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED (THE "SEBI DEBT REGULATIONS") AND THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED. THE SHELF PROSPECTUS AND THIS TRANCHE II PROSPECTUS CONSTITUTE THE PROSPECTUS ("PROSPECTUS"). THE UNSECURED, SUBORDINATED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES WILL BE IN THE NATURE OF SUBORDINATED DEBT AND WILL BE ELIGIBLE FOR INCLUSION AS TIER II CAPITAL.

PROMOTER

Our Promoter is Tata Capital Limited. For further details please see the section "Our Promoter" on page 89 of the Shelf Prospectus and on page 42 of this Tranche II Prospectus.

GENERAL RISK

Investors are advised to read the Risk Factors carefully before taking an investment decision in the Issue. For taking an investment decision, the investors must rely on their own examination of the Issuer and the Tranche II Issue including the risks involved. Specific attention of the investors is invited to the sections titled "Risk Factors" on page 11 of the Shelf Prospectus and on page 23 of this Tranche II Prospectus and "Material Developments" on page 105 of the Shelf Prospectus and page 23 of the Tranche II Prospectus before making an investment in this Tranche II Issue. This Tranche II Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("SEBI"), RBI, the Registrar of Companies, Maharashtra, located at Mumbai or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Tranche II Prospectus read together with the Shelf Prospectus for this Tranche II Issue contains all information with regard to the Issuer and the Tranche II Issue, which is material in the context of the Tranche II Issue. The information contained in this Tranche II Prospectus read together with the Shelf Prospectus for this Tranche II Issue is true and correct in all material respects and is not misleading in any material respect and that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Tranche II Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount and Eligible Investors of the NCDs, please see the section "Issue Related Information" on page 89 of this Tranche II Prospectus.

CREDIT RATING

The NCDs proposed to be issued under this Tranche II Issue have been rated "CRISIL AAA / Stable" for an amount of up to ₹ 7,50,000 lakh by CRISIL Limited vide its letter dated August 15, 2018, revalidated vide its letter dated August 27, 2018 and further revalidated by letter dated July 25, 2019 and have been rated "CARE AAA; Stable" for an amount up to ₹ 7,50,000 lakh by CARE Ratings Limited vide its letter dated August 14, 2018, revalidated vide its letter dated August 27, 2018 and further revalidated by letter dated July 26, 2019. The ratings of the NCDs issued by CRISIL Limited indicate highest degree of safety regarding timely servicing of financial obligations. The rating provided by CRISIL Limited and CARE Ratings Limited may be suspended, withdrawn or revised at any time by the assigning rating agencies and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to Annexures A and B of the Shelf Prospectus for rating letters and rationale for the above ratings.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated August 16, 2018 was filed with BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), pursuant to the provisions of the SEBI Debt Regulations and was open for public comments for a period of 7 (seven) Working Days until 5:00 pm (IST) on August 27, 2018.

LISTING

The NCDs offered through this Tranche II Prospectus are proposed to be listed on the BSE and NSE. For the purposes of this Tranche II Issue, BSE shall be the Designated Stock Exchange. TCFSL has received an 'in-principle' approval from BSE vide their letter no. DCS/BM/PI-BOND/8/18-19 dated August 27, 2018 and from NSE vide their letter no. NSE/LIST/58508 dated August 27, 2018 and extended vide letter no. NSE/LIST/81132 dated May 14, 2019.

LEAD MANAGERS TO THE ISSUE

REGISTRAR TO THE ISSUE

DEBENTURE TRUSTEE**



Edelweiss Financial Services Limited
Edelweiss House, Off CST Road,
Kalina, Mumbai – 400 098
Tel: (+91 22) 4086 3535
Fax: (+91 22) 4086 3610
Email: Tcfsl.Ncd@edelweissfin.com
Investor Grievance Email:
customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Mr. Lokesh Singhi
SEBI Registration No.:
INM0000010650

A. K. Capital Services Limited
30-38, Free Press House
3rd Floor, Free Press Journal Marg
215 Nariman Point, Mumbai 400 021
Tel: (+91 22) 6754 6500
Fax: (+91 22) 6610 0594
Email:
Tcfsl.Ncd2018@akgroup.co.in
Investor Grievance Email:
investor.grievance@akgroup.co.in
Website: www.akgroup.co.in
Contact Person: Mr. Malay Shah /
Mr. Krish Sanghvi
SEBI Registration No.:
INM000010411

Axis Bank Limited
"Axis House", C-2
Wadia International Centre
Pandurang Budhkar Marg
Worli, Mumbai - 400 025
Tel: (+91 22) 6604 3293
Fax: (+91 22) 2425 3800
Email: tcfsl.2018@axisbank.com
Investor Grievance Email:
investor.grievance@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Vikas Shinde
SEBI Registration No.:
INM000006104

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)
Karvy Selenium Tower-B, Plot 31&32,
Gachibowli Financial District,
Nanakramguda, Serilingampally,
Hyderabad 500 032
Tel: (+91 40) 6716 2222
Fax: (+91 40) 2343 1551
Email: tcfsl.ncdipo@karvy.com
Investor Grievance Email:
einward.ris@karvy.com
Website: www.karvyfintech.com
Contact Person: Mr. M Murali Krishna
SEBI Registration No.: INR000000221

Vistra ITCL (India) Limited
The IL&FS Finance Centre
Plot C-22, G Block
Bandra Kurla Complex (Bandra East)
Mumbai 400 051
Tel: (+91 22) 2659 3333
Fax: (+91 22) 2653 3297
Email:
itclcomplianceofficer@vistra.com
Investor Grievance Email:
investorgrievancesitcl@vistra.com
Website: vistratitcl.com
Contact Person: Mr. Jatin Chonani
SEBI Registration No.:
IND000000578

TRANCHE II ISSUE PROGRAMME*

TRANCHE II ISSUE OPENS ON AUGUST 13, 2019

*The Tranche II Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (IST), during the period indicated above, except that the Tranche II Issue may close on such earlier date or extended date as may be decided by the Board of Directors of TCFSL ("Board") or the Working Committee, as the case may be. In the event of such an early closure or extension of the Tranche II Issue, TCFSL shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or initial date of Tranche II Issue closure. Application Forms for the Tranche II Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (IST) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Tranche II Issue Period. On the Tranche II Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. (IST) and uploaded until 5:00 p.m. (IST) or such extended time as may be permitted by the Stock Exchanges.

**Vistra ITCL (India) Limited under Regulation 4(4) of the SEBI Debt Regulations has by its letter dated July 12, 2018, given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in the Draft Shelf Prospectus, Shelf Prospectus and this Tranche II Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Tranche II Issue.

A copy of the Shelf Prospectus dated August 29, 2018 has been filed with the Registrar of Companies, Maharashtra, located at Mumbai in terms of Sections 26 and 31 of the Companies Act, 2013. The Tranche II Prospectus shall be filed with the Registrar of Companies, Maharashtra, located at Mumbai in terms of Sections 26 and 31 of the Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details, please see the section "Material Contracts and Documents for Inspection" on page 146 of this Tranche II Prospectus.

TRANCHE II ISSUE CLOSES ON AUGUST 23, 2019

TABLE OF CONTENTS

| | |
|---|-----|
| SECTION I: GENERAL | 1 |
| DEFINITIONS / ABBREVIATIONS | 1 |
| FORWARD-LOOKING STATEMENTS | 9 |
| PRESENTATION OF FINANCIAL AND OTHER INFORMATION | 10 |
| SECTION II: INTRODUCTION..... | 12 |
| GENERAL INFORMATION..... | 12 |
| MATERIAL DEVELOPMENTS | 23 |
| INDUSTRY OVERVIEW | 67 |
| OBJECTS OF THE TRANCHE II ISSUE | 76 |
| STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS | 79 |
| SECTION III: ISSUE RELATED INFORMATION..... | 89 |
| GENERAL TERMS OF THE ISSUE..... | 89 |
| ISSUE STRUCTURE..... | 96 |
| ISSUE PROCEDURE | 110 |
| SECTION IV: LEGAL AND OTHER INFORMATION..... | 135 |
| OTHER REGULATORY AND STATUTORY DISCLOSURES | 135 |
| MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION | 146 |
| FINANCIAL INFORMATION | 148 |
| DECLARATION..... | 149 |
| ANNEXURE A – CREDIT RATING AND RATIONALE OF CRISIL..... | 150 |
| ANNEXURE B – CREDIT RATING AND RATIONALE OF CARE..... | 160 |
| ANNEXURE C – ILLUSTRATION FOR GUIDANCE IN RESPECT OF THE DAY COUNT CONVENTION AND EFFECT OF HOLIDAYS ON PAYMENTS..... | 172 |
| ANNEXURE D – SHELF PROSPECTUS DATED AUGUST 29, 2018 | 179 |

SECTION I: GENERAL

DEFINITIONS / ABBREVIATIONS

Company related terms

| Term | Description |
|---|--|
| “We”, “us”, “our”, “the Company”, “our Company”, “TCFSL” and “Issuer” | Tata Capital Financial Services Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 11 th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, Maharashtra, India. |
| AOA / Articles / Articles of Association | Articles of Association of TCFSL. |
| AGM | Annual General Meeting of TCFSL. |
| Board / Board of Directors / our Board / our Board of Directors | The Board of Directors of TCFSL and includes any committee constituted by the Board of Directors, from time to time. |
| Chief Financial Officer | Chief Financial Officer of TCFSL, Mr. Puneet Sharma. |
| Committee | A committee constituted by the Board, from time to time. |
| Company Secretary | Company Secretary of TCFSL, Ms. Avan Doomasia. |
| EGM | Extraordinary General Meeting of TCFSL. |
| Equity Shares | Equity shares of face value ₹10 each of TCFSL. |
| General Meeting | AGM or EGM. |
| Memorandum of Association / Memorandum / MOA | Memorandum of Association of TCFSL. |
| “Promoter” or “our Promoter” | Tata Capital Limited / TCL. |
| Reformatted Consolidated Financial Information under IGAAP | The Statement of Consolidated Assets and Liabilities of TCFSL as at March 31, 2018 and the related Consolidated Statement of Profit and Loss and the Consolidated Statement of Cash Flows for the said year as examined by TCFSL’s Statutory Auditor, B S R & Co. LLP, Mumbai. The Consolidated Statement of Assets and Liabilities of TCFSL as at March 31, 2017 and the related Consolidated Statement of Profit and Loss and the Consolidated Statement of Cash Flows for the said year as examined by TCFSL’s predecessor Statutory Auditor, Deloitte Haskins & Sells LLP, Mumbai. |
| Reformatted Standalone Financial Information under IGAAP | The Standalone Statement of Assets and Liabilities of TCFSL as at March 31, 2018 and the related Standalone Statement of Profit and Loss and the Standalone Statement of Cash Flows for the said year as examined by TCFSL’s Statutory Auditor, B S R & Co. LLP, Mumbai and The Standalone Statement of Assets and Liabilities of TCFSL as at March 31, 2017, 2016, 2015 and 2014 and the related Standalone Statement of Profit and Loss and the Standalone Statement of Cash Flows for each of the said four years ending March 31, 2017 as examined by TCFSL’s predecessor Statutory Auditor, Deloitte Haskins & Sells LLP, Mumbai. |
| Reformatted Financial Information under IGAAP | Reformatted Consolidated Financial Information and Reformatted Standalone Financial Information. |
| Reformatted Standalone Financial Information under IND AS | Reformatted Standalone Statement of Assets and Liabilities as at March 31, 2019, the Reformatted Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Reformatted Standalone Statement of Changes in Equity, Reformatted Standalone Statement of Cash Flows for the year ended March 31, 2019, the Summary of Significant Accounting Policies, and other explanatory information. |
| Reformatted Consolidated Financial Information under IND AS | Reformatted Consolidated Statement of Assets and Liabilities as at March 31, 2019, the Reformatted Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Reformatted Consolidated Statement of Changes in Equity, Reformatted Consolidated Statement of Cash Flows for the year ended March 31, 2019, the Summary of Significant Accounting Policies, and other explanatory information. |
| Reformatted Financial Information | Reformatted Standalone Financial Information under IND AS and Reformatted Consolidated Financial Information under IND AS. |

| Term | Description |
|---------------------------------|--|
| Information under IND AS | |
| Registered and Corporate Office | 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, Maharashtra, India. |
| RoC | The Registrar of Companies, Maharashtra, located at Mumbai. |
| ₹ / Rs. / INR/ Rupees | The lawful currency of the Republic of India. |
| Statutory Auditors | The auditors of the Company, B S R & Co. LLP, Chartered Accountants, located at 5 th Floor, Lodha Excelus, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011. |
| TCL | Tata Capital Limited. |
| Tata Capital Group / TCL Group | Tata Capital Limited and its subsidiaries, being Tata Capital Financial Services Limited, Tata Capital Housing Finance Limited, Tata Cleantech Capital Limited, Tata Securities Limited and Tata Capital Pte. Limited. |
| Working Committee | Committee of Directors constituted by the Board of Directors on April 30, 2018 and re-constituted by the Board of Directors, from time to time. |

Issue related terms

| Term | Description |
|--|--|
| Allotment / Allotted | Unless the context otherwise requires, the allotment of the NCDs pursuant to the Issue to the Allottees. |
| Allottee(s) | The successful Applicant to whom the NCDs are being/have been allotted. |
| Abridged Prospectus | A memorandum containing salient features of the Shelf Prospectus and the Tranche II Prospectus. |
| Acknowledgement Slip | The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form. |
| A.K. Capital | A.K. Capital Services Limited. |
| Allotment Advice | The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment. |
| Applicant / Investor / ASBA Applicant | The person who applies for issuance and allotment of NCDs pursuant to the terms of the Shelf Prospectus, this Tranche II Prospectus and Abridged Prospectus and the Application Form for the Tranche II Issue. |
| “Application” or “ASBA Application” | An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account which will be considered as the application for Allotment in terms of the Shelf Prospectus, and this Tranche II Prospectus. |
| Application Amount | The aggregate value of the NCDs applied for, as indicated in the Application Form for the Tranche II Prospectus. |
| Application Form / ASBA Form | The form in terms of which the Applicant shall make an offer to subscribe to the NCDs through the ASBA process, in terms of the Shelf Prospectus and the Tranche II Prospectus. |
| ASBA or “Application Supported by Blocked Amount” | The Application in terms of which the Applicant shall make an Application by authorizing Self Certified Syndicate Banks (“SCSB”) to block the Application Amount in the specified bank account maintained with such SCSB. |
| ASBA Account | An account maintained with an SCSB which will be blocked by such SCSB to the extent of the Application Amount of an ASBA Applicant. |
| Axis | Axis Bank Limited. |
| Base Issue size | ₹ 50,000 lakh for the Tranche II Issue. |
| Basis of Allotment | The basis on which NCDs will be allotted to applicants under the Tranche II Issue and which is described in “ <i>Issue Procedure – Basis of Allotment</i> ” on page 126 of this Tranche II Prospectus. |
| Banker(s) to the Issue | Collectively Public Issue Account Bank and Refund Bank |
| Broker Centres | Broker centres notified by the Stock Exchanges, where Applicants can submit the Application Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the respective websites of the Stock Exchanges |
| Bidding Centres | Centres at which the Designated Intermediaries shall accept the Application Forms, i.e., Designated Branches of SCSB, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs. |
| Collecting Depository Participants/CDPs | A depository participant, as defined under the Depositories Act, 1996 and registered under Section 12(1A) of the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the Debt ASBA Circular |
| Collecting Registrar and Share Transfer Agents/CRTAs | Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the Debt ASBA Circular. |
| Category I Investor | <ul style="list-style-type: none"> Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral |

| Term | Description |
|--|--|
| | <p>development financial institutions which are authorised to invest in the NCDs;</p> <ul style="list-style-type: none"> • Provident funds and pension funds with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Mutual funds registered with SEBI; • Resident Venture Capital Funds / Alternative Investment Funds registered with SEBI; • Insurance companies registered with the IRDAI; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements; and • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India |
| Category II Investor | <ul style="list-style-type: none"> • Companies within the meaning of Section 2(20) of the Companies Act, 2013; • Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Co-operative banks and regional rural banks; • Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons. |
| Category III Investor / High Net-worth Individual Investors ("HNIs") | Resident Indian Individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Tranche II Issue. |
| Category IV Investor / Retail Individual Investors | Resident Indian Individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10,00,000 across all options of NCDs in the Tranche II Issue. |
| Consortium / Syndicate (each individually, a Member of the Consortium) | The Lead Managers and Consortium Members. |
| Consortium Agreement | Consortium Agreement dated August 29, 2018 and further amended by agreement dated August 02, 2019 among TCFSL and the Consortium. |
| Consortium Member(s) | Affiliates of the Lead Managers appointed as brokers to the Issue in accordance with the SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and more particularly set out in this Tranche II Prospectus. |
| Credit Rating Agencies | For the present Tranche II Issue, the credit rating agencies being, CRISIL Limited and CARE Ratings Limited. |
| Coupon Rate | The rate of interest as specified in this Tranche II Prospectus in the section titled " <i>Issue Structure—Specific terms for each Option of the NCDs</i> " on page 99. |
| Debt Application Circular | Circular in relation to system for making application to public issue of debt securities bearing no. CIR/IMD/DF-1/20/2012 issued by SEBI on July 27, 2012. |
| Debt ASBA Circular | Circular in relation to streamlining the process of public issue under the SEBI Debt Regulations, bearing no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI. |
| Debentures / NCDs | Secured, Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 and Unsecured, Subordinated Redeemable, Non-Convertible Debentures eligible for inclusion as Tier II capital of face value ₹ 1,000 each proposed to be issued under this Tranche II Issue. |
| Debenture Holder(s) / NCD Holder(s) | The holders of the Secured NCDs and Unsecured NCDs whose name appears in the database of the relevant Depository(ies). |
| Debt Listing Agreement | The listing agreement entered into between TCFSL and the relevant stock exchange(s) in connection with the listing of debt securities of TCFSL. |
| Debenture Trustee | Trustees for the NCD holders in this case being Vistra ITCL (India) Limited. |
| Debenture Trustee Agreement | Agreement dated August 14, 2018 entered into between the Debenture Trustee and the Company wherein the appointment of the Debenture Trustee to the Issue, is agreed as between our Company and the Debenture Trustee. |
| Debenture Trust Deed | The trust deed dated September 10, 2018 executed by TCFSL and the Debenture Trustee for creating the security over the Secured NCDs issued under the Issue, as amended from time to time. |
| Demographic Details | Details of the investor such as address, bank account details, which are based on the details provided by the Applicant in the Application Form or which may be obtained from the depositories. |

| Term | Description |
|--------------------------------|--|
| Deemed Date of Allotment | The date on which the Board or the Working Committee approves the Allotment of the NCDs for the Tranche II Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs, including interest on NCDs, shall be available to the Debenture holders from the Deemed Date of Allotment. |
| Depositories Act | The Depositories Act, 1996, as amended from time to time. |
| Depository(ies) | National Securities Depository Limited (NSDL) and /or Central Depository Services (India) Limited (CDSL). |
| DP / Depository Participant | A depository participant as defined under the Depositories Act. |
| Designated Branches | Such branches of SCSBs which shall collect the ASBA Applications and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI, from time to time. |
| Designated Locations | CDP Such centres of the Collecting Depository Participants where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the respective websites of the Stock Exchanges and updated from time to time. |
| Designated Intermediaries | Collectively, the Members of the Consortium, SCSBs, Registered Brokers, CDPs and CRTAs, who are authorised to collect Application Forms from the Applicants in relation to this Tranche II Issue. |
| Designated Date | The date on which the Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Accounts to the Public Issue Account(s) in terms of the Shelf Prospectus, this Tranche II Prospectus(es) and the Public Issue Account Agreement. |
| Designated RTA Locations | Such centres of the CRTAs where Applicants can submit the Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time |
| Direct Online Application | The Application made using the online interface and online payment facility of the Stock Exchange, as applicable. Please note that the Direct Online Application facility will not be available to the Applicants for this Issue. For further details, please see the section titled “ <i>Issue Procedure</i> ” on page 110 of this Tranche II Prospectus. |
| Designated Stock Exchange | BSE Limited. |
| Draft Shelf Prospectus | The Draft Shelf Prospectus dated August 16, 2018 filed with the Designated Stock Exchange for receiving public comments and with SEBI in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Debt Regulations. |
| Edelweiss | Edelweiss Financial Services Limited. |
| Issue | Public issue by TCFSL of Secured, Redeemable, Non-Convertible Debentures of face value of ₹ 1,000 and Unsecured, Subordinated Redeemable, Non-Convertible Debentures eligible as Tier II capital of face value ₹ 1,000 each aggregating up to ₹ 7,50,000 lakh (“ Shelf Limit ”) through one or more tranches. |
| Issue Agreement | Agreement dated August 14, 2018 and further amended by agreement dated August 02, 2019 entered into by TCFSL and the Lead Managers. |
| Interest Payment Date | The dates on which interest/coupon on the NCDs shall fall due for payment as specified in this Tranche II Prospectus. Please see the section titled “ <i>Issue Structure– Interest and Payment of Interest</i> ” on page 100 of this Tranche II Prospectus. |
| Lead Managers | Edelweiss Financial Services Limited, A. K. Capital Services Limited and Axis Bank Limited. |
| Market Lot | One NCD. |
| Options | An option of NCDs which are identical in all respects including, but not limited to terms and conditions, listing and ISIN and as further stated to be an individual Option in the Draft Shelf Prospectus, the Shelf Prospectus and this Tranche II Prospectus. |
| Offer Document(s) | The Draft Shelf Prospectus, the Shelf Prospectus, this Tranche II Prospectus, the Abridged Prospectus and/or the Application Form along with supplemental information, if any. |
| Public Issue Account | Bank account opened with the Public Issue Account Bank by TCFSL under Section 40 of the Companies Act, 2013 and where the funds shall be transferred by the SCSBs from the ASBA Accounts. |
| Public Issue Account Agreement | Agreement dated August 02, 2019 entered into amongst TCFSL, the Registrar, the Public Issue Account Bank, the Lead Managers, and the Refund Bank for remitting the Application Amounts to the Public Issue Account Bank and for remitting refunds, if any, of the amounts collected, to the Applicants in relation to this Tranche II Issue on the terms and conditions contained therein. |
| Public Issue Account Bank | HDFC Bank Limited |
| Record Date | 15 days prior to the date of payment of interest and/or the date of redemption for NCDs issued under the Tranche II Prospectus. In case the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by TCFSL to the Stock Exchanges shall be considered as Record Date. |
| Redemption/Maturity | The amount repayable on the NCDs, as specified in the section titled “ <i>Issue Structure - Terms and</i> |

| Term | Description |
|--|---|
| Amount | <i>Conditions in connection with the NCDs</i> ” on page 96 of this Tranche II Prospectus. |
| Redemption / Maturity Date | The date on which TCFSL is liable to redeem the NCDs in full as specified in the section titled “ <i>Issue Structure - Terms and Conditions in connection with the NCDs</i> ” on page 96 of this Tranche II Prospectus. |
| Refund Account | The account opened by TCFSL with the Refund Bank in connection with the Tranche II Issue. |
| Refund Bank | HDFC Bank Limited |
| Register of Debenture holder | Register of Debenture holders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013 and as more particularly detailed in the section “ <i>General Terms of the Issue</i> ” on page 89 of this Tranche II Prospectus. |
| Registrar to the Issue | Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited). |
| Registered Brokers or Brokers | Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulation, 1992 and the stock exchanges having nationwide terminals, eligible to procure Applications from Applicants. |
| Residual Shelf Limit | The aggregate limit of the Tranche II Issue, being ₹ 412,600 lakh to be issued under the Shelf Prospectus and Tranche II Issue. |
| SEBI Debt Regulations | SEBI (Issue and Listing of Debt Securities) Regulations, 2008, issued by SEBI, effective from June 06, 2008 and as amended from time to time. |
| SEBI ICDR Regulations | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. |
| Secured NCDs | NCDs offered under this Tranche II Issue which are rated, listed, redeemable, non-convertible and will be secured as per the terms and conditions specified under this Tranche II Prospectus. |
| Secured NCD Holder(s)/ Secured Debenture Holder(s) | The holders of the Secured NCDs whose name appears in the database of the relevant Depository(ies). |
| Security | The principal amount of the Secured NCDs to be issued in terms of this Tranche II Issue together with all interest due on the Secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking <i>pari passu</i> charge on the identified immovable property and on identified book debts, loans and advances, and receivables, both present and future, of TCFSL. |
| Senior Citizens | Individuals attaining the age of at least 60 years on the Deemed Date of Allotment of this Tranche II Issue. |
| Self Certified Syndicate Banks or SCSBs | The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on https://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time. |
| Shelf Limit | The aggregate limit of the Issue, being ₹ 7,50,000 lakh to be issued under the Shelf Prospectus through one or more Tranche Issues. |
| Shelf Prospectus | The Shelf Prospectus dated August 29, 2018 filed by TCFSL with the SEBI, BSE, NSE and the RoC in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations. |
| Specified Cities / Specified Locations | Bidding Centres where the Member of the Syndicate shall accept Application Forms from Applicants a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time. |
| Stock Exchange(s) | BSE / NSE |
| Subordinated Debt | Subordinated Debt means a fully paid up instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of a non-banking financial company. The book value of such instrument shall be subjected to discounting as provided hereunder: Remaining maturity of the instruments and rate of discount: <ul style="list-style-type: none"> • up to one year 100%; • more than one year but up to two years 80%; • more than two years but up to three years 60%; • more than three years but up to four years 40%; and • more than four years but up to five years 20% to the extent such discounted value does not exceed fifty per cent of Tier I capital. |
| Syndicate or Members of the Syndicate | Collectively, the brokers and sub-brokers appointed in relation to this Tranche II Issue. |
| Syndicate ASBA Application Location | Bidding centres where the Designated Intermediaries shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time |

| Term | Description |
|--------------------------------------|--|
| | and at such other websites as may be prescribed by SEBI from time to time |
| Syndicate SCSB Branches | In relation to Applications submitted to a Designated Intermediary, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the syndicate, and a list of which is available on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time. |
| Tenor | Tenor shall mean the tenor of the NCDs. Please refer to the section titled “ <i>Issue Structure - Terms and Conditions in connection with the NCDs</i> ” on page 96 of this Tranche II Prospectus. |
| Tier I capital | Tier I capital means, owned fund as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10% of the owned fund and perpetual debt instruments issued by a non-deposit taking NBFC in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year. |
| Tier II capital | Tier-II capital includes the following: (a) Preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt to the extent the aggregate does not exceed Tier-I capital; and (f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent it does not exceed Tier-I Capital. |
| Trading Members | Intermediaries registered as a broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchanges under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchanges from time to time and duly registered with the Stock Exchanges for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchanges. |
| Tranche I Prospectus | The Tranche Prospectus dated August 29, 2018 containing the details of the NCDs issued pursuant to the Tranche I Issue. |
| Tranche II Issue | Public issue of secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each up to ₹ 299,790 lakh and unsecured, subordinated, redeemable, non-convertible debentures of face value of ₹ 1,000 each up to ₹ 112,810 lakh, aggregating up to ₹ 412,600 lakh. |
| Tranche II Prospectus | This Tranche Prospectus dated August 02, 2019 containing the details of the NCDs issued pursuant to the Tranche II Issue. |
| Tranche II Issue Opening Date | August 13, 2019 |
| Tranche II Issue Closing Date | August 23, 2019 *The Tranche II Issue shall remain open for subscription on Working Days from 10 a.m. (IST) to 5 p.m. (IST) during the period indicated above, except that the Tranche II Issue may close on such earlier date or extended date as may be decided by the Board or the Working Committee, as the case may be. In the event of an early closure or extension of the Tranche II Issue, TCFSL shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or initial date of Tranche II Issue closure. On the Tranche II Issue Closing Date, the Application Forms for Tranche II Issue will be accepted only between 10 a.m. (IST) and 3 p.m. (IST) and uploaded until 5 p.m. (IST) or such extended time as may be permitted by the Stock Exchanges. |
| Tranche II Issue Period | The period between the Tranche II Issue Opening Date and the Tranche II Issue Closing Date inclusive of both days. |
| Tranche Issue | Issue of the NCDs pursuant to the respective Tranche Prospectus. |
| Tranche Prospectus(es) | The Tranche Prospectus(es) containing the details of NCDs including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts, documents for inspection and other terms and conditions in respect of the relevant Tranche Issue. |
| Transaction Documents | Transaction Documents shall mean, the Issue Agreement dated August 14, 2018 and further amended by agreement dated August 02, 2019 between TCFSL and the Lead Managers, the Registrar Agreement dated August 14, 2018 and further amended by agreement dated August 02, 2019 between TCFSL and the Registrar to the Issue, the Public Issue Account Agreement dated August 02, 2019 executed between TCFSL, the Lead Managers, Registrar to the Issue, the Public Issue Bank and the Refund Banks, the Consortium Agreement dated August 29, 2018 and further amended by agreement dated August 02, 2019 executed between TCFSL, the Lead Managers and Consortium Members, the Debenture Trustee Agreement dated August 14, 2018 executed between TCFSL and the Debenture Trustee and the Debenture Trust Deed dated September 10, 2018 executed between TCFSL and the Debenture Trustee. |
| Transaction Registration Slip or TRS | The acknowledgment slip or document issued by any of the Designated Intermediaries, the SCSBs, to an Applicant upon demand as proof of registration of his Application for the NCDs. |
| Trustees / Debenture | Trustees for the Debenture Holders in this case being Vistra ITCL (India) Limited (formerly known as |

| Term | Description |
|---|---|
| Trustee | IL&FS Trust Company Limited) appointed by the Board of Directors or the Working Committee. |
| Unsecured NCDs | NCDs offered under this Issue which are subordinated, redeemable, non-convertible debentures and are not secured by any charge on the assets of TCFSL, which will be in the nature of Subordinated Debt and will be eligible for Tier II capital and subordinate to the claims of all other creditors. |
| Unsecured NCD Holder(s)/Unsecured Debenture Holder(s) | The holders of the Unsecured NCDs whose name appears in the database of the Depository and/or the register of Unsecured NCD Holders (if any) maintained by our Company if required under applicable law. |
| Working Day | Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to the Tranche II Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Tranche II Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays in Mumbai as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018. |

Industry related terms

| Term | Description |
|------------------|---|
| ALM | Asset Liability Management |
| AUM | Loans and advances |
| CIN | Corporate Identification Number |
| ICAI | Institute of Chartered Accountants of India |
| LTV | Loan to Value ratio |
| NBFC | Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934 |
| NBFC-ND | Non-Banking Financial Company Non – Deposit Taking |
| NBFC-ND-SI | Non-Banking Financial Company Non – Deposit Taking-Systemically Important |
| NPA | Non-Performing Asset |
| NRI/Non-Resident | A person resident outside India, as defined under the FEMA |
| NSSO | National Sample Survey Organisation |
| PPP | Purchasing Power Parity |
| RRB | Regional Rural Bank |
| SCB | Scheduled Commercial Bank(s) |

Conventional and general terms

| Term | Description |
|------------------------------|---|
| AS | Accounting Standard |
| BSE | BSE Limited |
| CDSL | Central Depository Services (India) Limited |
| Companies Act, 1956 | The Companies Act, 1956, as may be applicable |
| Companies Act, 2013 | The Companies Act, 2013, as amended from time to time. |
| DRR | Debenture Redemption Reserve |
| FDI Policy | The Government policy and the regulations (including the applicable provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) issued by the Government of India prevailing on that date in relation to foreign investments in the Company's sector of business as amended from time to time |
| FEMA | Foreign Exchange Management Act, 1999, as amended from time to time |
| FEMA Regulations | Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended from time to time |
| Fiscal / Financial Year / FY | Financial Year ending March 31 each year |
| GoI | Government of India |
| HUF | Hindu Undivided Family |
| IBC Code | The Insolvency and Bankruptcy Code, 2006, as amended from time to time |
| IFRS | International Financial Reporting Standards |
| IFSC | Indian Financial System Code |
| Indian GAAP | Generally Accepted Accounting Principles in India applicable until March 31, 2018 |
| IND AS | Accounting standards as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 |
| IRDAI | Insurance Regulatory and Development Authority of India |

| Term | Description |
|-----------------------|---|
| IST | Indian Standard Time |
| IT Act | The Income Tax Act, 1961, as amended from time to time |
| MCA | Ministry of Corporate Affairs, Government of India |
| MICR | Magnetic Ink Character Recognition |
| NACH | National Automated Clearing House |
| NEFT | National Electronic Funds Transfer |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| PAN | Permanent Account Number |
| RBI | The Reserve Bank of India |
| RBI Act | The Reserve Bank of India Act, 1934, as amended from time to time |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contracts (Regulation) Act, 1956, as amended from time to time |
| SCRR | The Securities Contracts (Regulation) Rules, 1957, as amended from time to time |
| SEBI | The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 |
| SEBI Debt Regulations | Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended |
| SEBI Act | The Securities and Exchange Board of India Act, 1992 as amended from time to time |
| SEBI LODR Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended |
| Stage 1 Assets | Stage 1 Assets includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date as defined under IND AS. |
| Stage 1 Provision | Stage 1 provision are 12-month ExCL resulting from default events that are possible within 12 months after the reporting date as defined under IND AS. |
| Stage 2 Assets | Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment as defined under IND AS. |
| Stage 2 Provision | Stage 2 provision are life time ExCL resulting from all default events that are possible over the expected life of the financial instrument as defined under IND AS. |
| Stage 3 Assets | Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under IND AS. |
| Stage 3 Provision | Stage 3 provision are life time ExCL resulting from all default events that are possible over the expected life of the financial instrument as defined under IND AS. |
| TDS | Tax Deducted at Source |
| WDM | Wholesale Debt Market |

Notwithstanding anything contained herein, capitalised terms that have been defined in the sections “*Issue Structure*”, “*Issue Procedure*” and “*Other Regulatory and Statutory Disclosures*” on pages 96, 110 and 135, respectively, of this Tranche II Prospectus, will have the meanings ascribed to them in such sections.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Tranche II Prospectus that are not statements of historical fact constitute “forward-looking statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Tranche II Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results, including our financial conditions and results of operations to differ from our expectations include, but are not limited to, the following:

- fluctuation in interest rate;
- our inability to sustain growth or manage it effectively;
- our inability to successfully diversify our portfolio;
- any disruption in our sources of funding;
- our inability to recover on a timely basis the full value of collateral amount which are sufficient to cover the outstanding amounts due under defaulted loans;
- highly competitive nature of the industry we operate in;
- changing laws and regulations governing the banking and financial services industry in India;
- our inability to obtain or maintain statutory or regulatory approvals and licenses for conducting our business; and
- our inability to continue to benefit from our relationship with our Promoter and the “Tata” brand.

For further discussion of factors that could cause our actual results to differ, please see the section “*Risk Factors*” on page 11 of the Shelf Prospectus and on page 23 of this Tranche II Prospectus.

All forward-looking statements are subject to risks, uncertainties and assumptions about TCFSL that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections “*Industry Overview*”, “*Our Business*” and “*Legal and Other Information*” on pages 55, 64 and 150, respectively, of the Shelf Prospectus and on pages 67, 31 and 135, respectively of this Tranche II Prospectus. The forward-looking statements contained in this Tranche II Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although TCFSL believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of TCFSL’s underlying assumptions prove to be incorrect, TCFSL’s actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to TCFSL are expressly qualified in their entirety by reference to these cautionary statements.

Neither TCFSL, its Directors and officers, nor the Lead Managers have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI Debt Regulations, TCFSL and the Lead Managers will ensure that investors in India are informed of material developments between the date of filing of the Shelf Prospectus and this Tranche II Prospectus with the RoC and the date of receipt of listing and trading permission being obtained from the Stock Exchanges.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

In this Tranche II Prospectus, unless the context otherwise indicates or implies, references to "you", "offeree", "purchaser", "subscriber", "recipient", "investors" and "potential investor" are to the prospective investors in this Tranche II Issue, references to our "Company", the "Company" or the "Issuer" are to Tata Capital Financial Services Limited.

In this Tranche II Prospectus, references to "US\$" is to the legal currency of the United States and references to "Rs.", "₹" and "Rupees" are to the legal currency of India. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions and all references to "India" are to the Republic of India and its territories and possessions, and the "Government", the "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

In this Tranche II Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

Unless otherwise stated, references in this Tranche II Prospectus to a particular year are to the calendar year ended on December 31 and to a particular "fiscal" or "fiscal year" are to the fiscal year ended on March 31.

Unless otherwise stated all figures pertaining to the financial information in connection with TCFSL are on an unconsolidated basis.

Presentation of Financial Information

TCFSL publishes its financial statements in Rupees. TCFSL's financial statements for the year ended March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 have been prepared under the historical cost convention on accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India ("IGAAP") to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 along with the guidelines/directions issued by Reserve Bank of India ("RBI") as applicable to NBFC's.

The Reformatted Standalone Financial Information under IND AS and the Reformatted Consolidated Financial Information under IND AS are included in this Tranche II Prospectus and collectively referred to hereinafter as the Reformatted Financial Information under IND AS. The audit reports on the Reformatted Financial Information under IND AS as issued by our Company's Statutory Auditor, B.S.R. & Co., LLP, are included in this Tranche II Prospectus in the section titled "*Financial Information*" beginning at page 148 of this Tranche II Prospectus.

Unless stated otherwise, the financial data used in this Tranche II Prospectus is derived from TCFSL's audited financial statements as at and for the year ended March 31, 2018, March 31, 2017, March 31, 2016, and March 31, 2015 prepared in accordance with Indian GAAP, applicable accounting standards and guidance notes specified by the Institute of Chartered Accountants of India, Companies Act, 2013 and other applicable statutory and / or regulatory requirements, as included in this Tranche II Prospectus and the Shelf Prospectus.

Unless stated otherwise, the financial data used in this Tranche II Prospectus as at and for the year ended March 31, 2019 is prepared in accordance with IND AS, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India, Companies Act, 2013 and other applicable statutory and / or regulatory requirements. Further, the financial data and numbers used in this Tranche II Prospectus and Shelf Prospectus are under IND AS and IGAAP, as specifically mentioned in this Tranche II Prospectus and the Shelf Prospectus and is not strictly comparable.

The Reformatted Financial Information under IGAAP is included in the Shelf Prospectus. The examination reports on the Reformatted Financial Information under IGAAP, as issued by TCFSL's Statutory Auditors, B S R & Co. LLP, are included in the section "*Financial Information*" on page 197 of the Shelf Prospectus.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

Unless otherwise indicated, the financial information pertaining to the year ended March 31, 2019 included in this Tranche II Prospectus is based on the Reformatted Consolidated Financial Information under IND AS.

The financial information as on June 30, 2019 is on a standalone basis.

Industry and Market Data

There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Unless stated otherwise, all industry and market data used throughout this Tranche II Prospectus have been obtained from industry publications and certain public sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although TCFSL believes that the industry and market data used in this Tranche II Prospectus is reliable, it has not been verified by us or any independent sources. Further, the extent to which the market and industry data presented in this Tranche II Prospectus is meaningful depends on the readers' familiarity with and understanding of methodologies used in compiling such data.

SECTION II: INTRODUCTION

GENERAL INFORMATION

TCFSL was incorporated at Mumbai, Maharashtra on November 19, 2010, as a public limited company, under the provisions of the Companies Act, 1956, bearing CIN U67100MH2010PLC210201, under the name “Tata Capital Financial Services Limited”. TCFSL also received a Certificate for Commencement of Business on December 16, 2010. TCFSL has obtained a certificate of registration dated November 4, 2011 bearing registration no. B-13.02005 issued by the RBI to commence the business of non-banking financial institution without accepting public deposits under Section 45 IA of the RBI Act, 1934. TCFSL is a Systemically Important Non-Deposit taking NBFC. For further details regarding the Promoter, please see the section “*Our Promoter*” on page 89 of the Shelf Prospectus and on page 42 of this Tranche II Prospectus.

Registered Office

Tata Capital Financial Services Limited

11th Floor, Tower A
Peninsula Business Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: (+91 22) 6606 9000
Fax: (+91 22) 6656 2699
Website: www.tatacapital.com
Email: compliance.ncd@tatacapital.com

For details of change in Registered Office, please see the section “*History and Main Objects*” on page 75 of the Shelf Prospectus.

Corporate Office

TCFSL does not have a separate corporate office.

Registration

CIN: U67100MH2010PLC210201 issued by the Registrar of Companies, Maharashtra, located at Mumbai.

Certificate of Registration bearing number B-13.02005 dated November 4, 2011 received under Section 45IA of the RBI Act, 1934 from the RBI to carry on the business of a non-banking financial institution without accepting public deposits.

Legal Entity Identifier number: 335800PP4SPQTLW2ZA24

Chief Financial Officer

Mr. Puneet Sharma
11th Floor, Tower A
Peninsula Business Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: (+91 22) 6606 9000
Fax: (+91 22) 6656 2699
Website: www.tatacapital.com
Email: puneet.sharma@tatacapital.com

Company Secretary and Compliance Officer

Ms. Avan Doomasia
11th Floor, Tower A
Peninsula Business Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: (+91 22) 6606 9000
Fax: (+91 22) 6656 2699
Website: www.tatacapital.com
Email: avan.doomasia@tatacapital.com

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer in case of any pre-issue or post-issue related issues such as non-receipt of demat credit of allotted NCDs or refunds.

All grievances relating to the Tranche II Issue and ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centre of the SCSB where the Application Form would be submitted by the Applicant.

All grievances arising out of Applications for the NCDs made through the online mechanism of the Stock Exchanges may be addressed directly to the respective Stock Exchanges.

Lead Managers

Edelweiss Financial Services Limited

Edelweiss House, Off CST Road,
Kalina, Mumbai – 400 098
Tel: (+91 22) 4086 3535
Fax: (+91 22) 4086 3610
Email: tcfsl.ncd@edelweissfin.com
Investor Grievance Email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Mr. Lokesh Singhi
Compliance Officer: Mr. B. Renganathan
SEBI Registration No.: INM0000010650

A. K. Capital Services Limited

30-38, Free Press House
3rd Floor, Free Press Journal Marg 215
Nariman Point, Mumbai 400 021
Maharashtra, India
Tel: (+91 22) 6754 6500
Fax: (+91 22) 6610 0594
Email: Tcfsl.Ncd2018@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akgroup.co.in
Contact Person: Mr. Malay Shah / Mr. Krish Sanghvi
Compliance Officer: Mr. Tejas Davda
SEBI Registration No.: INM000010411

Axis Bank Limited

Axis House, 8th Floor, C-2
Wadia International Centre
Pandurang Budhkar Marg

Worli, Mumbai 400 025
Maharashtra, India
Tel: (+91 22) 6604 3293
Fax: (+91 22) 2425 3800
Email: tcfsl.2018@axisbank.com
Investor Grievance Email: investor.grievance@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Vikas Shinde
Compliance Officer: Mr. Sharad Sawant
SEBI Registration No.: INM000006104

Debenture Trustee

Vistra ITCL (India) Limited
The IL&FS Financial Centre, Plot C-22
G Block, Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Tel: (+91 22) 26593333
Fax: (+91 22) 26533297
Email: itclcomplianceofficer@vistra.com
Investor Grievance Email: investorgrievancesitcl@vistra.com
Website: www.vistraitcl.com
Contact Person: Mr. Jatin Chonani
Compliance Officer: Mr. Jatin Chonani
SEBI Registration No.: IND000000578

Vistra ITCL (India) Limited has, pursuant to Regulation 4(4) of SEBI Debt Regulations, vide its letter dated July 12, 2018, given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in the Draft Shelf Prospectus, the Shelf Prospectus and this Tranche II Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Tranche II Issue.

All the rights and remedies of the Debenture Holders under this Tranche II Issue shall vest in and shall be exercised by the appointed Debenture Trustee for the Issue without having it referred to the Debenture Holders. All investors under this Tranche II Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by TCFSL for the Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by TCFSL to the Debenture Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge TCFSL *pro tanto* from any liability to the Debenture Holders. For details on the terms of the Debenture Trust Deed, please see the section “*Issue Related Information*” on page 89 of this Tranche II Prospectus.

Registrar to the Issue

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)

Karvy Selenium Tower B, Plot 31-32
Gachibowli Financial District
Nanakramguda, Hyderabad 500 032
Tel: (+91 40) 6716 2222
Fax: (+91 40) 2343 1551
Email: einward.ris@karvy.com
Investor Grievance Email: tcfsl.ncd@karvy.com
Website: <https://karisma.karvy.com/>
Contact Person: Mr. M. Murali Krishna
Compliance Officer: Mr. Rakesh Santhalia
SEBI Registration No.: INR000000221

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited) has by its letter dated July 30, 2019 given its consent for its appointment as Registrar to the Issue and for its name to be included in this Tranche II Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to this Tranche II Issue.

Statutory Auditors

B S R & Co. LLP
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalaxmi
Mumbai 400 011
Maharashtra, India
Tel: (+91 22) 6257 1000
Fax: (+91 22) 6257 1010
Email: mkumar@bsraffiliates.com
Contact Person: Manoj Kumar Vijai
Firm registration number: 10124800W/W-100022
Appointment date as statutory auditor: August 21, 2017

Credit Rating Agencies

CRISIL Limited

Address: CRISIL House, Central Avenue
Hiranandani Business Park
Powai, Mumbai 400 076
Tel: (+91 22) 3342 3000
Fax: (+91 22) 4040 5800
Email: kirshnan.sitaraman@crisil.com
Website: www.crisil.com
Contact Person: Krishnan Sitaraman
SEBI Registration No.: IN/CRA/001/1999

CARE Ratings Limited

Address: 4th Floor
Godrej Colesium, Somaiya Hospital Road
Off Eastern Express Highway
Sion (East) Mumbai 400 022
Tel: (+91 22) 6754 3421
Fax: (+91 22) 6754 3457
Email: ravi.kumar@careratings.com
Website: www.careratings.com
Contact Person: Ravi Kumar Dasari
SEBI Registration No.: IN/CRA/004/1999

Credit Rating and Rationale

The NCDs proposed to be issued under this Tranche II Issue have been rated "CRISIL AAA / Stable" for an amount of upto ₹ 7,50,000 lakh by CRISIL Limited vide its letter dated August 15, 2018, revalidated vide its letter dated August 27, 2018 and further revalidated by letter dated July 25, 2019, and have been rated "CARE AAA; Stable" for an amount upto ₹ 7,50,000 lakh by CARE Ratings Limited vide its letter dated August 14, 2018, revalidated vide its letter dated August 27, 2018 and further revalidated by letter dated July 26, 2019. The ratings of the NCDs issued by CRISIL Limited indicate highest degree of safety regarding timely servicing of financial obligations. The rating provided by CRISIL Limited and CARE Ratings Limited may be suspended, withdrawn or revised at any time by the assigning rating agencies and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to Annexures A and B of this Tranche II Prospectus for rating letters

and rationale for the above ratings.

Disclaimer clause of the Credit Rating Agencies

Disclaimer clause of CRISIL Limited

"A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL website, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301."

Disclaimer clause of CARE Ratings Limited

"CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments."

In case of partnerships/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors."

Disclaimer clause of Industry Data Provider

The ICRA Report contains the following disclaimer:

“All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions presented in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.”

Legal Advisors to the Issue

AZB & Partners

AZB House, Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Tel: (+91 22) 6639 6880
Fax: (+91 22) 6639 6888

Banker(s) to the Company

Allahabad Bank Limited

Industrial Finance Branch, Mumbai, 2nd floor
Allahabad Bank Building, 37, Mumbai Samachar Marg Fort,
Mumbai 400 023
Maharashtra, India
Contact Person: Mr. A.K. Tiwari
Tel: (+91 22) 22702745 / 46 / 47
Fax: (+91 22) 22702733 / 35
E-mail: br.mumifb@allahabadbank.in
Website: www.allahabadbank.in

Bank of America, N.A.

18th Floor, A wing, One BKC, G Block
Bandra Kurla Complex, Mumbai 400 051
Maharashtra, India
Contact Person: Mr. Abhishek Aggarwal
Tel: (+91 22) 66323367
Fax: (+91 22) 66466075
E-mail: aaggarwal3@baml.com
Website: www.bankofamerica.com

Bank of Maharashtra Limited

Apeejay House, Dy. V.B. Gandhi Marg
Fort, Mumbai 400 001
Maharashtra, India
Contact Person: Mr. Amit Pandey
Tel: (+91 22) 22844882 / 22048197
Fax: (+91 22) 22850750
E-mail: bom972@mahabank.co.in
Website: www.bankofmaharashtra.in

Central Bank of India Limited

Corporate Finance Branch, 1st Floor, MMO Building
Fort, Mumbai 400 023
Maharashtra, India
Website: www.centralbankofindia.co.in

DBS Bank Limited

19th Floor, Express Tower
Nariman Point, Mumbai 400 021
Maharashtra, India
Contact Person: Mr. Sameer Masand
Tel: (+91 22) 66388888
Fax: (+91 22) 67528430 / 70
E-mail: sameermasand@db.com
Website: www.dbsbank.in

The Federal Bank Limited

Corporate & Institutional Banking Business Department
C Wing, 2nd Floor, Laxmi Tower
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India
Contact Person: Mr. Anand S. Kamble

Axis Bank Limited

Axis house, Wadia International Centre
P.B.Marg, Worli, Mumbai 400 025
Maharashtra, India
Contact Person: Mr. Chetan Kapoor
Tel: (+91 22) 24252745
Fax: (+91 22) 37004700
E-mail id: chetan1.kapoor@axisbank.com
Website: www.axisbank.com

Bank of Baroda Limited

Corporate Financial Services Branch
3rd Floor, 10/12 Mumbai Samachar Marg
Fort, Mumbai 400 001
Maharashtra, India
Contact person: Mr. Anjan Gupta
Tel: (+91 22) 43407305
Fax: (+91 22) 2221445
E-mail: rm4.cfsbal@bankofbaroda.co.in
Website: www.bankofbaroda.com

Canara Bank Limited

Specialized Prime Corporate Branch – Fort
Maker Chambers III, 7th Floor
Nariman Point, Mumbai 400 021
Maharashtra, India
Tel: (+91 22) 22871106
Fax: (+91 22) 22875094
Email: cb1903@canarabank.com
Website: www.canarabank.com

Deutsche Bank AG

Deutsche Bank House, Hazarimal Somani Marg,
Fort, Mumbai 400 001
Maharashtra, India
Contact Person: Mr. Bimaldeep Singh
Tel: (+91 22) 71804786
Fax: (+91 22) 71804192
E-mail: bimaldeepsingh@db.com
Website: www.db.com

FirstRand Bank Limited

5th Floor, TCG Financial Centre, C-53, G-Block
Bandra – Kurla Complex, Bandra (E)
Mumbai 400 051
Maharashtra, India
Contact Person: Ritesh Sharma
Tel: (+91 22) 66258624
Fax: (+91 22) 66258676
E-mail: ritesh.sharma@firstrand.co.in
Website: www.firstrand.co.in

The Hongkong and Shanghai Banking Corporation Limited

Banker(s) to the Company

Tel: (+91 22) 61748626
E-mail id: anandsk@federalbank.co.in
Website: www.federalbank.co.in/

HDFC Bank Limited

4th Floor, Tower B, Peninsula Business Park
Lower Parel, Mumbai 400 013
Maharashtra, India
Contact Person: Mr. Mousom Mitra
Tel: (+91 22) 33958126
Fax: (+91 22) 30788579
E-mail: mousom.mitra@hdfcbank.com
Website: www.hdfcbank.com

ICICI Bank Limited

ICICI Bank Towers, Bandra Kurla Complex
Mumbai 400 051
Maharashtra, India
Contact person: Mr. ANil Agarwal
Tel: (+91 22) 40086409
Fax: (+91 22) 26531206
E-mail: ANil.ag@icicibank.com
Website: www.icicibank.com

Kotak Mahindra Bank Limited

27 BKC, 3rd Floor, Plot No. C-27
G-Block, Bandra Kurla Complex (BKC)
Bandra (East), Mumbai 400 051
Maharashtra, India
Contact Person: Mr. Vikas Chandak
Tel: (+91 22) 61660363
Fax: (+91 22) 67132416
E-mail: vikash.chandak@kotak.com
Website: www.kotak.com

Oriental Bank of Commerce Limited

Large Corporate Branch, 14th Floor
Maker Tower – F, Cuffe Parade
Mumbai 400 037
Maharashtra, India

Punjab & Sind Bank Limited

27-29, Ambalal Doshi Marg
Fort, Mumbai
Maharashtra, India
Contact Person: Mr. Mukesh Kumar
Tel: (+91 22) 22693438 / 22658721
Fax: (+91 22) 22651752
E-mail: b0385@psb.co.in
Website: www.psbindia.com

Union Bank of India Limited

84, Rajmahal Building, Veer Nariman Road
Churchgate, Mumbai 400 020
Maharashtra, India

52/60 Mahatma Gandhi Road
Fort, Mumbai 400 001
Maharashtra, India
Contact person: Ameet Sheth
Tel: (+91 22) 22681110
Fax: (+91 22) 49146200
E-mail: info@hsbc.co.in
Website: www.hsbc.co.in

The Jammu and Kashmir Bank Limited

79-A, Mehta House, Bombay Samachar Marg
Fort, Mumbai 400 001
Maharashtra, India
Contact Person: Anup Bhat
Tel: (+91 22) 66595971-74
Fax: (+91 22) 66595975
E-mail: bombay@jkbmail.com
Website: www.jkbank.net

Karnataka Bank Limited

Corporate Finance, Mumbai, 294 A Haroon House
Perin Nariman Street, Fort
Mumbai 400 001
Maharashtra, India
Contact Person: Sandra Maria Lorena
Tel: (+91 22) 22662283 / 22663256
Fax: (+91 22) 22661685
E-mail: mum.cfb@ktkbank.com
Website: www.karnatakabank.com

Punjab National Bank Limited

Ground Floor, Maker Tower, E – Wing
Cuffe Parade, Mumbai 400 005
Maharashtra, India
Contact Person: KVD Prasad
Tel: (+91 22) 22185977
Fax: (+91 22) 22180402
E-mail: bo2175@pnb.co.in
Website: www.pnbindia.in

State Bank of India, CAG Branch

Neville House, 3rd Floor, J.N. Heredia Marg
Ballard Estate, Mumbai 400 001
Maharashtra, India
Contact Person: Mr. Adarsh Samaiya
Tel: (+91 22) 51542971
Fax: (+91 22) 61542802
E-mail: amt7.09995@sbi.co.in
Website: www.sbi.co.in

UCO Bank Limited

1st Floor, Mafatlal Centre
Nariman Point, Mumbai 400 021
Maharashtra, India
Contact person: Mr. Gautam Banerjee

Banker(s) to the Company

Contact Person: Ms. Rukmani Arvind Kumar
Tel: (+91 22) 022045200 / 22048268
Fax: (+91 22) 22843908 / 22049727
E-mail: cbsvnroad@unionbankofindia.com
Website: www.unionbankofindia.com

United Overseas Bank Limited, Mumbai Branch

Unit 31, 3rd Floor, 3rd North Avenue, Maker Maxity, Bandra
Kurla Complex, Mumbai 400 051
Maharashtra, India
Contact Person: Mr. Navratan Vohra
Tel: (+91 22) 4247 2828
Fax: (+91 22) 26591022
E-mail: navratan.vohra@uobgroup.com
Website: www.uobgroup.com

Corporation Bank Limited

Corporate Banking Branch
Ground Floor, 104
Bharat House, MS Marg
Fort, Mumbai 400 023
Maharashtra, India
Contact Person: Mr. Mahesh Agrawal
Tel: (+91 22) 22693453
Fax: (+91 22) 22657580
E-mail: cb0443@corpbank.co.in
Website: www.corpbank.com

IndusInd Bank Limited

4th Floor, Tower A
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013
Maharashtra, India
Contact Person: Siddharth Munshi
Tel: (+91 22) 43680349
Fax: (+91 22) 43680321
E-mail: siddharth.munshi@indusind.com
Website: www.indusind.com

Syndicate Bank

Large Corporate Bank
Maker Towers, 2nd Floor, E-Wing,
Cuffe Parade, Mumbai 400 005
Contact Person: Ramakrishnan N H
Tel: (+91 22) 22166649
Fax: (+91 22) 22185798
E-mail: br.5088@syndicatebank.co.in
Website: www.syndicatebank.co.in

Tel: (+91 22) 40549101
Fax: (+91 22) 22025338
E-mail: mumfcc@ucobank.co.in
Website: www.ucobank.com

IDBI Bank Limited

Mittal Court, 224 A Wing
II Floor, Nariman Point
Mumbai 400 021
Contact Person: Mr. Arun Kumar Sharma
Tel: (+91 22) 66588114
Fax: (+91 22) 66588111
Email: arun.sharma@idbi.co.in
Website: www.idbi.com

Bank of India Limited

Bank of India Building
4th Floor, 70-80, M.G. Road
Fort, Mumbai 400 001
Maharashtra, India
Contact Person: Mrs. Sandhya Garg
Tel: (+91 22) 61870411
Fax: (+91 22) 22884475
Email: Mumbai.lcbb@bankofindia.co.in
Website: www.bankofindia.co.in/english/home.aspx

The Catholic Syrian Bank Limited

Ground Floor, Mafatlal House
H T Parekh Marg, Backbay Reclamation,
Churchgate Mumbai 400 020
Contact Person: Ram Mohan G S
Tel: (+91 22) 22821461
E-mail: mumbaifort@csb.co.in
Website: www.csb.co.in

Small Industries Development Bank of India

Swavalamban Bhavan, Plot No. C-11,
G-Block, Bandra Kurla Complex,
Bandra East, Mumbai 400 051
Contact Person: Shri. Rajesh Kumar Mishra
Tel: (+91 22) 67221582
Website: www.sidbi.in

Mizuho Bank Limited

Level 17, Tower-A Peninsula Business Park
Senapati Bapat Marg, Lower Parel,
Mumbai 400 013
Contact Person: Mr. Jude Thikattil
Tel: (+91 22) 49112000
Fax: (+91 22) 49116911
E-mail: cs.bpd2@mizuho-cb.com
Website: www.mizuhobank.com

Public Issue Account Bank and Refund Bank

HDFC Bank Limited

ALFA Building, FIG – OPS department – Lodha,
I Think Techno Campus, O-3 level, next to Kanjurmarg railway
station, Kanjurmarg (E), Mumbai – 400042

CIN: L65920MH1994PLC080618

Tel: 3075 2928 / 29 / 2914

Fax: 2579 9801

E-mail: Vincent.dsouza@hdfcbank.com /
prasanna.uchil@hdfcbank.com / siddharth.jadhav@hdfcbank.com

Website: www.hdfcbank.com

Contact person: Vincent Dsouza / Siddharth Jadhav / Prasanna

Uchil

SEBI Registration No: INBI00000063

Consortium Members to the Issue

EDELWEISS SECURITIES LIMITED

2nd Floor, MB Towers, Plot No. 5,

Road No. 2, Banjara Hills,

Hyderabad – 500 034,

Telangana, India.

Contact Person: Mr. Amit Dalvi/Mr. Prakash Boricha

Telephone: +91 22 6747 1341, +91 22 6747 1342

Facsimile: N.A.

Email: amit.dalvi@edelweissfin.com;

prakash.boricha@edelweissfin.com;

Investor grievance email: helpdesk@edelweissfin.in

Website: www.edelweissfin.com/www.edelweiss.in

SEBI registration number: INZ000166136

A.K. STOCKMART PRIVATE LIMITED

30-39 Free Press House,

3rd Floor, Free Press Journal Marg,

215, Nariman Point,

Mumbai-400 021,

Maharashtra, India

Contact Person: Mr. Ankit Gupta/Mr. Ranjit Dutta

Telephone: (+91 22) 6754 6500

Facsimile : (+91 22) 6754 4666

Email ID : ankit@akgroup.co.in / ranjit.dutta@akgroup.co.in

Investor grievance email: investorgrievance@akgroup.co.in

Website: www.akgroup.co.in

SEBI registration number: INZ000240830

AXIS CAPITAL LIMITED

Axis House, Level 1

C-2, Wadia International Centre,

P.B.Marg, Worli,

Mumbai – 400 025,

Maharashtra, India.

Contact person: Mr. Ajay Sheth/ Mr. Vinayak Ketkar

Telephone: +91 22 43253110

Facsimile: +91 22 4325 3000

Email: vinayak.ketkar@axiscap.in

Investor grievance email: vinayak.ketkar@axiscap.in

Website: www.axiscapital.co.in

SEBI registration number: INM000012029

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

"Any person who—

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

Minimum Subscription

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If TCFSL does not receive the minimum subscription of 75% of the Base Issue i.e. ₹ 37,500 lakh within the prescribed timelines under the Companies Act, 2013 and any rules thereto, the entire subscription amount shall be refunded / unblocked to the Applicant's bank account within 6 (six) working days from the date of closure of the Tranche II Issue. In the event there is a delay by TCFSL in making the aforesaid refund within the prescribed time limit, TCFSL will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with TCFSL and/or Registrar, refunds will be made to the account prescribed. However, where TCFSL and/or Registrar does not have the necessary information for making such refunds, TCFSL and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

Self-Certified Syndicate Banks

The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <http://www.sebi.gov.in> or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs, with which an Applicant, not applying through the Syndicate, may submit the Application Forms, is available at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Applications submitted to the Designated Intermediaries, the list of branches of the SCSBs to receive deposits of ASBA Applications from such Designated Intermediaries is provided on <http://www.sebi.gov.in> or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Applications from Designated Intermediaries, see the above – mentioned web-link.

Collecting Registrar and Share Transfer Agents

The list of the CRTAs eligible to accept Application Forms at the Bidding Centres, including details such as address, telephone number and e-mail address, are provided on the websites of BSE and NSE at www.bseindia.com and www.nseindia.com, respectively, as may be updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept Application Forms at the Bidding Centres, including details such as name and contact details, are provided on the websites of BSE and NSE at www.bseindia.com and www.nseindia.com, respectively, as may be updated from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Underwriting

The Tranche II Issue is not underwritten.

Arrangers to the Issue

There are no arrangers to the Tranche II Issue.

Utilisation of Issue proceeds

For details on utilisation of Tranche II Issue proceeds, please see the section "*Objects of the Issue*" on page 76 of this Tranche II Prospectus.

Tranche II Issue Programme

| | |
|-----------------------------------|------------------------|
| TRANCHE II ISSUE OPENS ON | August 13, 2019 |
| TRANCHE II ISSUE CLOSES ON | August 23, 2019 |

The Tranche II Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (IST), during the period indicated in this Tranche II Prospectus, except that the Tranche II Issue may close on such earlier date or extended date as may be decided by the Board of Directors of TCFSL ("**Board**") or the Working Committee, as the case may be. In the event of such an early closure of or extension of the Tranche II Issue, TCFSL shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or initial date of Tranche II Issue closure.

Applications Forms for the Tranche II Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (IST) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Tranche II Issue Period. On the Tranche II Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. (IST) and uploaded until 5:00 p.m. (IST) or such extended time as may be permitted by the Stock Exchanges.

Due to limitation of time available for uploading the Applications on the electronic platform of the Stock Exchanges on the Tranche II Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Tranche II Issue Closing Date and, no later than 3:00 p.m. (IST) on the Tranche II Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Tranche II Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Tranche II Issue. Application Forms will only be accepted on Working Days during the Tranche II Issue Period. Neither TCFSL, nor the Lead Managers or the Designated Intermediaries are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. As per the SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013, the allotment in the Tranche II Issue would be made on the basis of date of upload of each Application into the electronic book of the Stock Exchanges. However, in the event of oversubscription, on such date, the allotments would be made to the Applicants on proportionate basis.

MATERIAL DEVELOPMENTS

Except as disclosed below, there are no other recent developments in relation to TCFSL as disclosed in the sections titled “*Risk Factors*”, “*Capital Structure*”, “*About the Issuer and Industry Overview*”, “*Our Business*”, “*History and Main Objects*”, “*Our Management*”, “*Our Promoter*”, “*Disclosures on Existing Financial Indebtedness*”, “*Financial Information*”, “*Pending Proceedings and Statutory Defaults*”, “*Regulations and Policies*”, “*Material Developments*” and “*Summary of Key Provisions of Articles of Association*” in the Shelf Prospectus and the Tranche I Prospectus which would make them misleading in any material respect.

I. RISK FACTORS

1. *TCFSL’s operations are susceptible to fluctuations in interest rates which could cause our net interest income to vary and consequently affect our profitability*

TCFSL's revenue from operations is substantially dependent upon the level of its net interest margins. TCFSL's revenue from operations is substantially dependent upon the level of its net interest margins. TCFSL's total revenue from operations constituted 99.0%, of TCFSL's total income in fiscal year 2019, respectively. As at March 31, 2019, TCFSL's total loans and advances outstanding amount to ₹ 4,462,397 lakh.

Our interest income is affected by any volatility in interest rates in our lending operations. Fluctuations in interest rates may also adversely affect our treasury operations. Moreover, if there is an increase in the interest rates we pay on our borrowings that we are unable to pass to our customers and, it may affect our profitability. Competition pressures may also require TCFSL to reduce the interest rates at which it lends to its customers without a proportionate reduction in interest rates at which it raises funds. Furthermore, certain customers of TCFSL may prepay their loans to take advantage of a declining interest rate environment.

Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a relatively high degree of volatility in interest rates in India. There can be no assurance that TCFSL will be able to adequately manage its interest rate risk in the future, which could have an adverse effect on income and margins, which could in turn have a material adverse effect on TCFSL's business, financial condition and results of operations.

2. *Inability to sustain our growth or manage it effectively may affect our business, operations and profitability to a large extent*

TCFSL has experienced significant growth in recent years. For instance, our total income has grown to ₹ 558,566 lakh for Fiscal 2019 at an annual growth rate of 28.46%. Sustained growth puts pressure on our ability to effectively manage and control historical and emerging risks. Our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, prospects, financial condition and results of operations. TCFSL's growth strategy includes growing TCFSL's secured lending and expanding TCFSL's customer base. There can be no assurance that TCFSL will be able to sustain its growth plan successfully or that TCFSL will be able to expand further or diversify its portfolio of products. A principal component of TCFSL's strategy is to continue diversifying the development of its portfolio of products to suit customers' needs. TCFSL may face a number of operational risks in executing its growth strategy, including fraud. Such further expansion will increase the size of our business and the scope and complexity of our operations. We may not be able to effectively manage this growth or achieve the desired profitability in the expected timeframe or at all and may not be able to reflect improvement in other indicators of financial performance from the expansion.

TCFSL's ability to sustain its rate of growth also depends, to a large extent, upon its ability to recruit trained and efficient personnel, retain KMPs, maintain effective risk management policies, develop managerial experience to address emerging challenges and ensure a high standard of client service. There is no assurance that we will be successful in achieving our target benchmark level of efficiency and productivity and our success will depend on various internal and external factors, some of which are not under our control.

3. ***Our significant indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to conduct our business and operations in the manner we desire***

As of March 31, 2019, we had total borrowings of ₹ 3,980,566 lakh and in the future, we may continue to incur additional indebtedness. Our level of indebtedness has consequences which may affect our credit ratings and capital adequacy requirements, limit our flexibility in planning for, or reacting to, changes in our business and the industry, increase our business expenditure and limit our ability to obtain additional funding in the future.

Most of our financing arrangements entered into by us include conditions that require TCFSL to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement. Some of these covenants include, altering our capital structure, changing our current ownership / control, formulating a scheme of amalgamation, compromise or reconstruction, material change in management, implementing a scheme of expansion, undertaking guarantee obligations, declaration of dividend, and amending constitutional documents. For further details, please see the section “*Disclosures on Financial Indebtedness*” on page 92 of the Shelf Prospectus. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

In the event we breach any financial or other covenants contained in any of our financing arrangements or in the event we had breached any terms in the past which is noticed in the future, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may be forced to sell some or all of the assets in our portfolio if we do not have sufficient cash or credit facilities to make repayments. Furthermore, our financing arrangements contain cross-default provisions which could automatically trigger defaults under other financing arrangements.

We cannot assure you that our business will generate sufficient cash to enable us to service our debt or to fund our other liquidity needs. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all.

4. ***Some of the loans we provide are unsecured and are susceptible to certain operational and credit risks and substantial increase in the levels of non-performing assets in our loan portfolio, for any reason whatsoever, would adversely affect our business, results of operations and financial condition***

As of March 31, 2019, our gross NPAs and net NPAs constituted 2.45% and 0.39% of our gross loans and net loans, respectively. With the growth in our business, we may see an increase in the levels of non-performing assets in our loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. If the quality of our loan portfolio deteriorates or we are unable to implement effective monitoring and collection methods, our financial condition and results of operations may be affected. Further, there can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs.

Some of the loans we provide are unsecured loans. We may not be able to recover these loans through our standard recovery proceedings. Unsecured loans present a higher risk of loss in case of a credit default as compared to loans to customers in other asset-backed financing products. In addition, there can be no assurance that our monitoring and risk management procedures will succeed in effectively predicting the right income levels of these customers or that our loan loss reserves will be sufficient to cover any actual losses. If there is a default by customers on repayment of such unsecured loans or if we are unable to recover our principal and interest through such legal proceedings, we may experience increased levels of NPAs and we may be required to make related provisions and write-offs that may have an adverse effect on our business prospects, financial condition and results of operations.

If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or other loan losses that may occur, or if future regulation (or change in accounting standards) requires us to increase our provisions, our results of operation and financials may get adversely affected including our ability to raise

additional capital and debt funds at favourable terms. Further, if our customers are unable to meet their financial obligation in a timely manner, then it could adversely affect our results of operations. Any negative trends or financial difficulties particularly among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. If a significant number of our customers are unable to meet their financial obligations in a timely manner, it may lead to an increase in our level of NPAs. If we are not able to prevent increases in our level of NPAs, our business and our future financial performance could be adversely affected.

5. ***The regulatory requirement to maintain a stipulated capital adequacy ratio could restrict our future business growth***

As a Systemically Important Non-Deposit taking NBFC, TCFSL is required to maintain a CRAR of at least 15% of our aggregate risk-weighted assets of our balance sheet (on-balance sheet and of risk adjusted value of off balance sheet items) on an ongoing basis, under the Master Direction – NBFC – Systemically Important Non – Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time, with a minimum Tier -I capital of 10% (as per notification dated November 10, 2014 issued by RBI). As at March 31, 2019, TCFSL's CRAR was 16.84%, of which Tier I capital was 12.11%. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us, and this may adversely affect the growth of our business. This could result in non –compliance with applicable capital adequacy ratios, which could have a material adverse effect on our business, prospects, results of operations and cash flows.

6. ***We have entered into certain transactions with related parties in the past and any such transactions or any future related party transactions may potentially involve conflicts of interest, which may adversely affect our business, prospects, financial conditions, and results of operation.***

We have entered into certain transactions with related parties, including our holding company and fellow subsidiaries, and may continue to do so in future. While we believe that all such transactions are in compliance with applicable laws and are on arms-length basis, there can be no assurance that we could not have achieved more favorable terms in case such transactions would not have been entered into with related parties. For further information, please see the section “*Financial Information*” on page 148 of this Tranche II Prospectus.

It is likely that we will enter into other related party transactions in the future. There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise.

7. ***Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and lending markets and, as a result, would negatively affect our net interest margin and our business.***

The cost and availability of capital is dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our current ratings indicate high degree of safety as regards timely servicing of financial obligations and carrying low credit risk. For further information about credit ratings, please see the section “*Our Business – Credit Ratings*” on page 35 of this Tranche II Prospectus.

Further, the NCDs for an amount of up to ₹ 750,000 lakh proposed to be issued under the Issue have been rated "CRISIL AAA / Stable" by CRISIL vide its letter dated August 15, 2018 and further revalidated by letter dated August 27, 2018 and July 25, 2019 and "CARE AAA; Stable" by CARE vide its letter dated August 14, 2018 and further revalidated by letter dated August 27, 2018 and July 26, 2019. The rating of the NCDs indicates high degree of safety regarding timely servicing of financial obligations and any downgrading in the rating will lead to the reduction in the value of NCDs issued to the prospective investors. The rationale for such ratings mentions a number of factors based on which the ratings have been assigned, including but not limited to the strong support provided by, and the strategic importance and business of, TCFSL's controlling entity. Our NCDs carry very low credit risk. The rating provided by CRISIL and CARE may be suspended, withdrawn or revised at any time by the assigning rating agencies and should be evaluated independently of any other rating. These ratings are not a

recommendation to buy, sell or hold securities and investors should take their own decisions. Please refer to Annexures A and B of the Shelf Prospectus for rating letters and rationale for the above rating.

Any downgrade of our credit ratings would increase borrowing costs and constrain our access to capital and debt markets and, as a result, negatively affect our net interest margin and our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any additional financing or refinancing arrangements in the future. The ratings provided by the rating agencies may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions.

8. ***We have experienced negative cash flows in relation to our operating activities in recent years. Any negative cash flows in the future would adversely affect our results of operations and financial condition***

We had negative cash flow from operating activities, mainly due to increase in our loan book of ₹ 790,372 lakh for Fiscal 2019. We may experience negative cash flows in future, which could adversely affect our business prospects, financial condition and results of operations. For further details, please see the section “*Financial Information*” on page 148 of this Tranche II Prospectus.

9. ***Our branches are located on leased premises and non-renewal of lease or license agreements or their renewal on terms unfavorable to us could adversely affect our operations.***

Our Registered Office is located on premises taken on lease from TCL for a period of 5 years commencing from October 1, 2017 and as on June 30, 2019, almost all our branches are located on leased premises. Further, as we expand our branch network, we expect the number of leased branches to increase significantly. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations. All or any of the leases or licenses may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

10. ***Some of the information disclosed in this Tranche II Prospectus is based on information from industry sources and publications which may be based on projections, forecasts and assumptions that may prove to be incorrect. Investors should not place undue reliance on, or base their investment decision on this information.***

The information disclosed in the “*Industry Overview*” section of this Tranche II Prospectus is based on report of ICRA titled “*Indian Retail Non-Banking Finance Market*”, which have not been verified by us independently and we do not make any representation as to the accuracy of the information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

11. ***TCFSL is subject to a number of new accounting standards as part of its transition to IND (AS) that may significantly impact its financial statements in future reporting periods***

The Audited Financial Statements have been prepared in accordance with IND AS. The Companies (Indian Accounting Standards) Rules, 2015 (“**IAS Rules**”), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, enacted changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The IAS Rules provide all NBFCs having a net worth of more than ₹ 50,000 lakh are required to mandatorily adopt IND (AS) for the accounting period beginning from April 01, 2018 with comparatives for the period ending on March 31, 2018. TCFSL qualifies to be a NBFC as the above IAS Rules.

There can be no assurance that TCFSL's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND AS than under Indian GAAP. Moreover, there is increasing competition for the small number of IND AS experienced accounting personnel available as more Indian companies (including NBFCs) begin to prepare IND AS financial statements. There can be no assurance that TCFSL's adoption of IND AS will not adversely affect its reported results of operations or financial condition in the future and any failure to successfully adopt IND AS may impact TCFSL's business, financial condition and results of operations in the future.

12. ***Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

The annual rate of inflation was at 3.07% (provisional) for the month of April 2019 (over April 2018) as compared to 3.18% (provisional) for the previous month and 3.62% during the corresponding month of previous year. (Source: *Index Numbers of Wholesale Price in India, Review for the month of April 2019, published on May 14, 2019 by Government of India, Ministry of Commerce and Industry*). Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that we will be able to pass on any additional expenses to our payers or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

13. ***The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.***

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, our various financing activities including lending, for repayment of interest and principal of existing borrowing of the company and our capital expenditure and working capital requirements, subject to applicable statutory and/or regulatory requirements (in particular, not more than 25% of our net proceeds being utilised for general corporate purposes). For further details, see the section "*Objects of the Issue*" on page 76 of this Tranche II Prospectus. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. The utilization details of the proceeds of the Issue shall be adequately disclosed as per applicable law. Further, as per the provisions of the SEBI Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

II. CAPITAL STRUCTURE

Details of share capital and securities premium account of TCFSL as of June 30, 2019

| | | Amount in ₹ |
|----------|---|-----------------------|
| A | Authorised share capital | |
| | 2,500,000,000 Equity Shares of ₹ 10 each | 25,000,000,000 |
| | 3,000,000,000 Preference Shares of ₹10 each | 30,000,000,000 |
| | TOTAL | 55,000,000,000 |
| B | Issued, subscribed and paid-up share capital | |
| | 1,375,561,658 Equity Shares of ₹10 each | 13,755,616,580 |
| | 1,889,000,000 Preference Shares of ₹10 each* | 18,890,000,000 |
| | TOTAL | 32,645,616,580 |
| C | Securities Premium Account | 146,648 |

*On February 1, 2019, 656,000,000, 9% Compulsorily Convertible Cumulative Preference Shares of ₹10 each held by TCL were converted into 78,011,658 Equity Shares of ₹10 each, at a Fair Value of ₹ 84.09 per Equity Share.

Notes to capital structure

(a) Preference Share capital history of the Company as of June 30, 2019

| Date of allotment | No. of Preference Shares | Face value (₹) | Issue price (₹) | Nature of consideration | Nature of allotment | Cumulative | | |
|--------------------------------|--------------------------|----------------|-----------------|-------------------------|---------------------|-------------------------|---------------------------------|---------------------------------|
| | | | | | | No of Preference Shares | Preference Share Capital (in ₹) | Preference Share Premium (in ₹) |
| September 29, 2015* | 35,000,000 | 10 | 10 | Cash | Rights Issue | 35,000,000 | 350,000,000 | - |
| March 23, 2016* | 125,000,000 | 10 | 10 | Cash | Rights Issue | 160,000,000 | 1,600,000,000 | - |
| June 28, 2016* | 285,000,000 | 10 | 10 | Cash | Rights Issue | 445,000,000 | 4,450,000,000 | - |
| September 28, 2016* | 100,000,000 | 10 | 10 | Cash | Rights Issue | 545,000,000 | 5,450,000,000 | - |
| December 29, 2016* | 100,000,000 | 10 | 10 | Cash | Rights Issue | 645,000,000 | 6,450,000,000 | - |
| February 28, 2017 [#] | 200,000,000 | 10 | 10 | Cash | Rights Issue | 845,000,000 | 8,450,000,000 | - |
| March 31, 2017 | 100,000,000 | 10 | 10 | Cash | Rights Issue | 945,000,000 | 9,450,000,000 | - |
| December 29, 2017 | 75,000,000 | 10 | 10 | Cash | Rights Issue | 1,020,000,000 | 10,200,000,000 | - |
| March 08, 2018 | 100,000,000 | 10 | 10 | Cash | Rights Issue | 1,120,000,000 | 11,200,000,000 | - |
| March 21, 2018 | 250,000,000 | 10 | 10 | Cash | Rights Issue | 1,370,000,000 | 13,700,000,000 | - |
| March 31, 2018 | 150,000,000 | 10 | 10 | Cash | Rights Issue | 1,520,000,000 | 15,200,000,000 | - |
| June 29, 2018 | 550,000,000 | 10 | 10 | Cash | Rights Issue | 2,070,000,000 | 20,700,000,000 | - |
| September 28, 2018 | 100,000,000 | 10 | 10 | Cash | Rights Issue | 2,170,000,000 | 21,700,000,000 | - |
| December 28, 2018 | 100,000,000 | 10 | 10 | Cash | Rights Issue | 2,270,000,000 | 22,700,000,000 | - |
| March 26, 2019 | 275,000,000 | 10 | 10 | Cash | Rights Issue | 1,889,000,000* | 18,890,000,000 | - |

Note: All the above allotments of Preference Shares were on a rights basis to TCL.

*Fully converted into Equity Shares on February 1, 2019

[#] Of the above 11,000,000 Preference Shares were partially converted into Equity Shares on February 1, 2019

On February 1, 2019, 656,000,000, 9% Compulsorily Convertible Cumulative Preference Shares of ₹10 each were converted into 78,011,658 Equity Shares of ₹ 10 each, at a fair value of ₹ 84.09 per Equity Share

Details of Promoter's shareholding in our Company as of June 30, 2019

The details of Promoter's Shareholding in our Company are as follows:

Summary Statement Holding of Equity Shareholders as of June 30, 2019

| Sr. No. | Particulars | Total Number of Equity Shares | Number of Equity Shares in Dematerialised Form | Total Shareholding as % of Total Number of Equity Shares | Number of Equity Shares pledged or encumbered by the Promoters | Percentage of Equity Shares pledged with respect to shares owned |
|---------|---------------------------|-------------------------------|--|--|--|--|
| 1. | Promoter – Body Corporate | 1,375,561,658 | 1,375,561,658 | 100% | Nil | Nil |

Summary Statement Holding of Preference Shareholders as of June 30, 2019

| Sr. No. | Particulars | Total Number of Preference Shares | Number of Preference Shares in Dematerialised Form | Total Shareholding as % of Total Number of Preference Shares | Number of Preference Shares pledged or encumbered by the Promoters | Percentage of Preference Shares pledged with respect to shares owned |
|---------|---------------------------|-----------------------------------|--|--|--|--|
| 1 | Promoter – Body Corporate | 1,889,000,000 | 1,889,000,000 | 100% | Nil | Nil |

Shareholding of Directors in our Company as of June 30, 2019

The details of the shareholding of Directors in our Company as on June 30, 2019 is as follows:

| Name of the Director | Designation | Securities held pre issue | Securities held post issue | Remarks |
|----------------------|------------------------|--|--|--|
| Mr. Rajiv Sabharwal | Non-Executive Director | 1 Equity Share of Face Value of ₹ 10, each | 1 Equity Share of Face Value of ₹ 10, each | Held joint with TCL, the holding company |
| Mr. Kusal Roy | Managing Director | 1 Equity Share of Face Value of ₹ 10, each | 1 Equity Share of Face Value of ₹ 10, each | Held joint with TCL, the holding company |

| | | | | |
|--|--|---------------------|---------------------|---------------------|
| | | Value of ₹ 10, each | Value of ₹ 10, each | the holding company |
|--|--|---------------------|---------------------|---------------------|

Shareholding of Directors in subsidiaries, associates and joint ventures as of the date of this Tranche II Prospectus

TCFSL does not have any subsidiaries and joint ventures as of the date of this Tranche II Prospectus. However, the associates of TCFSL are Shriram Properties Private Limited, Fincare Business Services Limited and TVS Supply Chain Solutions Limited.

The IND AS 28 sets out various criterion that assist in the determination of 'significant influence' by one entity over another entity. These include:

1. Representation on the board of directors or equivalent governing body of the investee;
2. Participation in policy-making processes, including participation in decisions about dividends or other distributions;

In the assessment of TCFSL its shareholding in Shriram Properties Private Limited, Fincare Business Services Limited and TVS Supply Chain Solutions Limited (collectively "**Investee Companies**"), together with the shareholder rights detailed in the respective shareholders' agreement meet the criteria of TCFSL having significant influence (as prescribed under Ind AS 28) over the Investee Companies.

Pursuant to the above, the Investee Companies are treated as 'associates' for the limited purpose of preparing the consolidated financial statements of TCFSL. The Investee Companies are not Tata companies, have no other association other than as disclosed in the financial statements and have no rights to use the brand name and/or logo of 'Tata' or 'Tata Capital' or any variant thereof.

None of the Directors of the Company hold any shares in such associate companies.

Debentures holding of Directors in the Company as on June 30, 2019

| Name of the Director | Designation | Securities held |
|----------------------|------------------------|---|
| Mr. Rajiv Sabharwal | Non-Executive Director | 1,200, Non Convertible Debentures of ₹ 1,000 each |
| Mr. F N Subedar | Non-Executive Director | 5,000, Non Convertible Debentures of ₹ 1,000 each |
| Mr. Kusal Roy | Managing Director | 1,000, Non Convertible Debentures of ₹ 1,000 each |

Our top ten shareholders and the number of Equity Shares held by them as of June 30, 2019

| S. No. | Name | No. of Equity Shares (face value of ₹ 10 each) | No. of Equity Shares in dematerialised form | As % of total number of shares | Address of the shareholder |
|--------|---|--|---|--------------------------------|---|
| 1. | Tata Capital Limited | 1,375,561,652 | 1,375,561,652 | 100% | 11 th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, 400 013, Maharashtra |
| 2. | Tata Capital Limited jointly with Mr. Rajiv Sabharwal | 1 | 1 | | |
| 3. | Tata Capital Limited jointly with Mr. Puneet Sharma | 1 | 1 | | |
| 4. | Tata Capital Limited jointly with Mr. Avijit Bhattacharya | 1 | 1 | | |
| 5. | Tata Capital Limited jointly with Mr. Kiran Joshi | 1 | 1 | | |
| 6. | Tata Capital Limited jointly with Ms. Avan Doomasia | 1 | 1 | | |

| | | | | | |
|----|---|----------------------|----------------------|-------------|--|
| 7. | Tata Capital Limited jointly with Mr. Kusal Roy | 1 | 1 | | |
| | TOTAL | 1,375,561,658 | 1,375,561,658 | 100% | |

Summary Statement holding of Preference Shareholders

| Sr. No. | Particulars | Total Number of Preference Shares | Number of Preference Shares in Dematerialised Form | Total Shareholding as % of Total Number of Preference Shares | Number of Preference Shares pledged or encumbered by the Promoters | Percentage of Preference Shares pledged with respect to shares owned |
|---------|---------------------------|-----------------------------------|--|--|--|--|
| 1 | Promoter – Body Corporate | 1,889,000,000 | 1,889,000,000 | 100% | Nil | Nil |
| | TOTAL | 1,889,000,000 | 1,889,000,000 | 100% | Nil | Nil |

Our top ten shareholders and the number of Preference Shares held by them as of June 30, 2019

| S. No. | Name | No. of Preference Shares (face value of ₹ 10 each)* | No. of Preference Shares in dematerialised form | As % of total number of shares | Address of the shareholder |
|--------|----------------------|---|---|--------------------------------|---|
| 1. | Tata Capital Limited | 1,889,000,000 | 1,889,000,000 | 100 | 11 th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, 400 013, Maharashtra |
| | TOTAL | 1,889,000,000 | 1,889,000,000 | 100 | |

*On February 1, 2019, 65,60,00,000, 9% Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each held by Tata Capital Limited were converted into 78,011,658 Equity Shares of ₹ 10 each, at a fair value of ₹ 84.09 per Equity Share.

The list of top ten debenture holders as of June 30, 2019

| S. No. | Name of holder | Aggregate amount* (in ₹ lakh) | Address of the debenture holders |
|--------|--|-------------------------------|--|
| 1. | Wipro Limited | 99,000.00 | Doddakannelli Sarjapur Road Bangalore 560035 |
| 2. | State Bank Of India | 95,000.00 | SBI SG Global Security Services Private Limited, Jeevan Seva Extension Bldg., ground floor, S.V. road, Santacruz (W), Mumbai 400054. |
| 3. | HDFC Trustee Company Limited a/c HDFC Short Term Debt Fund | 92,800.00 | HDFC Bank Limited, Custody Services, Lodha I Think Techno Campus, office floor 8 next to Kanjurmarg Railway Stn Kanjurmarg East, Mumbai, Maharashtra 400042. |
| 4. | Postal Life Insurance Fund a/c SBIFMPL | 61,500.00 | HDFC Bank Limited, Custody Services Lodha - I Think Techno Campus off floor 8, next to Kanjurmarg station, Kanjurmarg (E), Mumbai 400042 |
| 5. | HDFC Bank Limited | 44,780.00 | HDFC Bank Limited, Custody Services Lodha - I Think Techno Campus off floor 8, next to Kanjurmarg station, Kanjurmarg (E), Mumbai 400042 |
| 6. | ICICI Prudential Corporate Bond Fund | 40,700.00 | HDFC Bank Limited, Custody Services Lodha - I Think Techno Campus off floor 8, next to Kanjurmarg station, Kanjurmarg (E), Mumbai 400042 |
| 7. | Kotak Mahindra Trustee Company Limited a/c Kotak Mahindra Bond | 37,000.00 | Deutsche Bank AG DB House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai 400001 |
| 8. | SBI Equity Hybrid Fund | 32,600.00 | HDFC Bank Limited, Custody Services Lodha - I Think Techno Campus off floor 8, next to Kanjurmarg station, Kanjurmarg (E), Mumbai 400042 |
| 9. | Hindustan Zinc Limited | 30,000.00 | Yashad Bhavan, Udaipur – 313004 |
| 10. | Tech Mahindra Limited | 30,000.00 | Gateway Building, Apollo Bunder, Mumbai – 400001 |

Debt to equity ratio

The debt to equity ratio prior to this Issue is based on a total outstanding debt of ₹ 3,951,184 lakh and shareholder funds amounting to ₹ 569,058 lakh as on June 30, 2019. The debt equity ratio post the Issue (assuming subscription of NCDs aggregating to ₹ 412,600 lakh) would be 7.67 times, based on a total outstanding debt of ₹ 4,363,784 lakh and shareholders funds of ₹ 569,058 lakh as on June 30, 2019.

(in ₹ lakh)

| Particulars | Prior to the issue (as of June 30, 2019) | Post the Issue# |
|---|--|-----------------|
| Share Capital | 326,456 | 326,456 |
| Add: Reserves and Surplus | 267,537 | 267,537 |
| Less : Unamortised expenditure - Ancillary borrowing expenses, Prepaid Expenses and Loan processing charges | (24,935) | (24,935) |
| Total Shareholder Funds (A) | 569,058 | 569,058 |
| Secured Borrowings | 2,602,638 | 2,902,428 |
| Unsecured Borrowings including ancillary borrowing expenses | 1,259,940 | 1,372,750 |
| Interest accrued but not due on borrowings | 88,606 | 88,606 |
| Total Debt Funds (B) | 3,951,184 | 4,363,784 |
| Debt: Equity Ratio (B / A) | 6.94 | 7.67 |

Based on the amounts as on June 30, 2019

Networth has been calculated as per Section 2(57) of the Companies Act, 2013 and includes Compulsorily Convertible Cumulative Preference Share (“CCCPS”) held entirely by the Parent Company of ₹ 188,900 lakh. Debt equity ratio has been calculated as (outstanding debt – CCCPS and dividend accrued thereon) / (Networth). Under IND AS 32 Financial Instruments: Presentation, the CCCPS and dividend accrued thereon of ₹ 188,946 lakh have been classified under borrowings and other financial liabilities in the financial statements.

For details on the total outstanding debt of TCFSL, please see the section “*Disclosures on Existing Financial Indebtedness*” on page 48 of this Tranche II Prospectus.

It is clarified that other than the issue of 275,000,000 Preference Shares by TCFSL to TCL on March 26, 2019, on a rights basis aggregating ₹ 27,500 lakh, no other securities including shares of TCFSL, were either purchased or sold by the Promoter Group, Directors of the Company and their relatives, within six months immediately preceding the date of this Tranche II Prospectus.

Details of any reorganization or reconstruction in the last 1 year preceding the date of filing this Tranche II Prospectus

There has been no reorganization or reconstruction in the last 1 year preceding the date of filing this Tranche II Prospectus.

III. OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” on page 9 of the Shelf Prospectus for a discussion of the risks and uncertainties related to such statements and also “Risk Factors” on page 11 of the Shelf Prospectus and on page 23 of this Tranche II Prospectus for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Reformatted Standalone Financial Information under IND AS for Fiscal 2019, included in this Tranche II Prospectus. For further information, see “Financial Information” on page 148 of this Tranche II Prospectus.

Overview

Our financing products, as disclosed in the Shelf Prospectus earlier, were categorised into corporate finance (including the Special Assets Management Group (“SAMG”)) and consumer finance. However, the categories have now been renamed as ‘Commercial and SME Finance Division’ and ‘Consumer Finance and Advisory Business’, respectively, although the products offered through these categories are similar to those offered under the previous categories.

Our financing products include:

- *Commercial and SME Finance Division:* The commercial and small and medium enterprise finance division offers commercial financing to corporates which includes vanilla term loans, working capital term loans, channel finance, bill discounting, construction equipment finance, leasing solutions, lease rental discounting, promoter finance and structured products.
- *Consumer finance and Advisory Business:* The consumer finance and advisory business division offers a wide range of consumer loans such as auto loans (used car loans and two wheeler loans), business loans, loans against property, personal loans, consumer durable loans and loans against securities as well as wealth management.

We have a robust marketing and distribution network which provides customers a diversified financial services platform with presence in 23 states through 125 offices as on June 30, 2019.

Our total income (Consolidated) and profit after tax from continuing operations of the Company (Consolidated) for the year ended March 31, 2019 stood at ₹ 5,58,566 lakh and ₹ 43,281 lakh respectively. The loan outstanding of the Company stood at ₹ 44,62,397 Lakh as on March 31, 2019.

Our total loan and advances outstanding was ₹ 4,462,397 lakh as of March 31, 2019 out of which, secured loans constituted 56.91% of the Company's total loan and advances outstanding as at March 31, 2019. Our CRAR as of March 31, 2019 computed on the basis of applicable RBI requirements was 16.84% compared to the RBI stipulated minimum requirement of 15% as per the Prudential Norms of RBI. Our gross NPAs and net NPAs as a percentage of total loan and advances outstanding was 2.45% and 0.39%, respectively as of March 31, 2019.

Key Strengths

1. The following information should be read with one of our strengths, ‘*Widespread operational network*’ beginning on page 65 of the Shelf Prospectus:

We believe that the scale of our operational network provides us with a competitive advantage. We operate an extensive network of our 125 offices spanning across 23 states, as of June 30, 2019.

Our Business Operations

The table below sets forth details in relation to our total loans and advances outstanding:

(In ₹ lakh)

| Total loans and advances outstanding | As of March 31, 2019 |
|---|----------------------|
| Commercial and SME Finance Division (CFSD) | 2,592,220 |
| Consumer finance and Advisory Business (CFAB) | 1,863,891 |

The above loans and advances excludes loan to TCL Employee Welfare Trust amounting to ₹ 6,286 lakh.

- *Commercial and SME Finance Division*

The loans and advances outstanding of CFSD stood at ₹ 2,592,220 lakh as of March 31, 2019 (including SAMG portfolio of ₹ 3,087 lakh).

Commercial and SME finance:

As of March 31, 2019, commercial finance constituted ₹ 2,589,133 lakh i.e. 58% of our total loans and advances outstanding. Our commercial finance products include:

- i) *Term loans*. As of March 31, 2019, loans and advances outstanding for vanilla term loans stood at ₹ 696,025 lakh.
- ii) *Working capital loans*. As of March 31, 2019, loans and advances outstanding for working capital loans stood at ₹ 97,978 lakh.
- iii) *Leasing Solutions*: As of March 31, 2019, loans and advances outstanding for leasing solutions stood at ₹ 51,953 lakh and assets deployed under operating lease as of March 31, 2019 stood at ₹83,258 lakh.
- iv) *Equipment finance*: As of March 31, 2019, loans and advances outstanding for equipment finance stood at ₹ 70,883 lakh.
- v) *Lease rental discounting*: As of March 31, 2019, loans and advances outstanding for lease rental discounting stood at ₹ 44,330 lakh.
- vi) *Structured finance*: As of March 31, 2019, loans and advances outstanding for structured investments stood at ₹ 285,681 lakh.
- vii) *Letter of credit*: As of March 31, 2019 loans and advances outstanding for letter of credit (off balance sheet exposure) stood at ₹ 14,617 lakh.
- viii) *Supply chain finance*: As of March 31, 2019, loans and advances outstanding for supply chain finance stood at ₹ 906,337 lakh.
- ix) *Bill discounting*: As of March 31, 2019, loans and advances outstanding for bill discounting stood at ₹ 32,458 lakh.
- x) *Construction Equipment Finance*: As of March 31, 2019, loans and advances outstanding for construction equipment finance stood at ₹ 403,488 lakh.

- *Consumer finance and Advisory Business*

As of March 31, 2019, consumer finance business constituted ₹ 1,863,891 lakh i.e. 42% of our total loans and advances outstanding. Our consumer finance products include:

- i) *Car and two wheeler loans*: As of March 31, 2019, loans and advances outstanding for cars and two wheelers stood at ₹ 234,262 lakh and ₹ 97,951 lakh.
- ii) *Business loans*: As of March 31, 2019, loans and advances outstanding for business loans stood at ₹ 289,731 lakh.
- iii) *Loan against property*: As of March 31, 2019, loans and advances outstanding for LAP stood at ₹ 672,221 lakh.
- iv) *Personal loan*: As of March 31, 2019, loans and advances outstanding for personal loans stood at ₹ 358,882 lakh.
- v) *Consumer durable loans*: As of March 31, 2019, loans and advances outstanding for consumer durable loans stood at ₹ 22,886 lakh.
- vi) *Loan against securities ("LAS")*: As of March 31, 2019, loans and advances outstanding for LAS stood at ₹ 57,367 lakh.
- vii) *Rural Finance*: As of March 31, 2019, loans and advances outstanding for rural finance stood at ₹ 114,858 lakh

viii) *Commercial Vehicle loans*: As of March 31, 2019, loans and advances outstanding for commercial vehicle loans stood at ₹ 15,733 lakh

ix) *Tata Cards*: As on March 31, 2019, approximately 2 lakh cards were distributed in the market.

Branch and Distribution Network

We have presence in 23 states through 125 branches as on June 30, 2019.

Key Operational and Financial Parameters

A summary of our key operational and financial parameters derived from IND AS financial statements on a consolidated basis as at and for the year ended March 31, 2019 are as follows:

| Parameters | Fiscal 2019 (as on March 2019) (IND AS) (₹ lakh, except number of accounts / groups) |
|--|---|
| Net worth* | 572,311 |
| Total borrowings of which | 3,980,566 |
| i) Debt Securities | 1,609,148 |
| ii) Borrowings (other than debt securities) | 2,041,658 |
| iii) Subordinated liabilities | 329,760 |
| Property, plant and equipment | 91,487 |
| Capital work in progress | 62 |
| Intangible assets under development | 108 |
| Other intangible assets | 2,179 |
| Financial assets | 4,505,896 |
| Non-financial assets | 120,864 |
| Cash and cash equivalents | 25,163 |
| Bank balance other than above | 36 |
| Investments | 38,159 |
| Financial liabilities | 204,624 |
| Non-Financial liabilities | 194,274 |
| Total income | 558,566 |
| Revenue from operations | 552,968 |
| Finance cost | 312,501 |
| Impairment on financial instruments | 45,153 |
| Profit for the year from continuing operations | 43,281 |
| Total Comprehensive Income | 42,855 |
| Gross NPA (%) | 2.45 |
| Net NPA (%) | 0.39 |
| Tier I Capital Adequacy Ratio (%) | 12.11 |
| Tier II Capital Adequacy Ratio (%) | 4.73 |

*Net worth has been calculated as per Section 2(57) of the Companies Act, 2013 and includes Compulsorily Convertible Cumulative Preference Share (“CCCPS”) held entirely by the Parent Company of ₹ 188,900 lakh. Under IND AS 32 Financial Instruments: Presentation, the CCCPS and dividend accrued thereon of ₹ 188,946 lakh have been classified under borrowings and other financial liabilities in the financial statements.

A summary of our key operational and financial parameters derived from IND AS financial statements on a standalone basis as at and for the year ended March 31, 2019 are as follows:

| Parameters | Fiscal 2019 (as on March 2019) (IND AS) (₹ lakh, except number of accounts / groups) |
|---|---|
| Net worth* | 572,184 |
| Total borrowings of which | 3,980,566 |
| i) Debt Securities | 1,609,148 |
| ii) Borrowings (other than debt securities) | 2,041,658 |
| iii) Subordinated liabilities | 329,760 |
| Property, plant and equipment | 91,487 |
| Capital work in progress | 62 |
| Intangible assets under development | 108 |

| Parameters | Fiscal 2019 (as on March 2019) (IND AS) |
|--|--|
| | (₹ lakh, except number of accounts / groups) |
| Other intangible assets | 2,179 |
| Financial assets | 4,505,896 |
| Non-financial assets | 120,864 |
| Cash and cash equivalents | 25,163 |
| Bank balance other than above | 36 |
| Investments | 38,032 |
| Financial liabilities | 204,624 |
| Non-Financial liabilities | 194,274 |
| Total income | 558,566 |
| Revenue from operations | 552,968 |
| Finance cost | 312,501 |
| Impairment on financial instruments | 45,153 |
| Profit for the year from continuing operations | 43,710 |
| Total Comprehensive Income | 43,537 |
| Gross NPA (%) | 2.45 |
| Net NPA (%) | 0.39 |
| Tier I Capital Adequacy Ratio (%) | 12.11 |
| Tier II Capital Adequacy Ratio (%) | 4.73 |

*Net worth has been calculated as per Section 2(57) of the Companies Act, 2013 and includes Compulsorily Convertible Cumulative Preference Share (“CCCPS”) held entirely by the Parent Company of ₹ 188,900 lakh. Under IND AS 32 Financial Instruments: Presentation, the CCCPS and dividend accrued thereon of ₹ 188,946 lakh have been classified under borrowings and other financial liabilities in the financial statements.

Gross Debt Equity Ratio of the Company

Our debt equity ratio is as follows:

| | |
|-------------------------------------|------|
| Before the issue of debt securities | 6.94 |
| After the issue of debt securities | 7.67 |

Credit Ratings

Our credit ratings as of the date of this Tranche II Prospectus are set forth below:

| Instrument | Agency | Rating |
|--|--------|-------------------------------|
| Long term rating | CRISIL | CRISIL AAA / Stable |
| Non – convertible debentures | | CRISIL AAA / Stable |
| Subordinated debt | | CRISIL AAA / Stable |
| Perpetual bonds | | CRISIL AA+ / Stable |
| Commercial paper programme | | CRISIL A1+ |
| Long Term Principal Protected Market Linked Debentures | | CRISIL PP – MLD AAAr / Stable |
| Long-term Bank Facilities | CARE | CARE AAA; Stable |
| Non-Convertible Debentures | | CARE AAA; Stable |
| Sub Ordinated debt | | CARE AAA; Stable |
| Perpetual debt | | CARE AA+; Stable |
| Long Term Fund Based Limits | ICRA | [ICRA]AAA (stable) |
| Long term loans | | [ICRA]AAA (stable) |
| Long Term Non Fund Based Limits | | [ICRA]AAA (stable) |
| Short Term Loans | | [ICRA] A1+ |
| Commercial Paper Programme | | [ICRA] A1+ |
| Non – convertible debentures | | [ICRA]AAA (stable) |

| Instrument | Agency | Rating |
|-----------------------------|---------------|--------------------|
| programme | India Ratings | |
| Subordinated Debt Programme | | [ICRA]AAA (stable) |
| Perpetual bonds | | [ICRA]AA+ (stable) |
| Long term bank loans | | IND AAA / Stable |
| Short term bank loans | | IND A1+ |

CRAR

The following table sets out the CRAR, as of the date indicated:

| | As of March 31, 2019 |
|---|---|
| | (₹ lakh, except ratios and percentages) |
| Tier I Capital | 573,688 |
| Tier II Capital | 224,277 |
| Total Capital | 797,965 |
| Total Risk Weighted Assets | 4,736,822 |
| Capital Adequacy Ratio (as a Percentage of Total Risk Weighted Assets (%)) | |
| Tier I Capital | 12.11 |
| Tier II Capital | 4.73 |
| Total Capital | 16.84 |

NPA

The following table sets forth the details of our NPAs as at March 31, 2019:

| Particulars | As of March 31, 2019 |
|-------------------------------------|---|
| | (₹ lakh, except ratios and percentages) |
| Gross NPAs (A)* | 109,338 |
| Provisions (B)** | 92,301 |
| Net NPAs | 17,037 |
| AUM | 4,456,111 |
| Gross NPA to AUM | 2.45% |
| Net NPA to AUM (Net off provisions) | 0.39% |
| NPA Coverage Ratio (B/A) | 84.42% |

*Represents assets that are Credit impaired (Stage 3)

** Impairment loss allowance in respect of assets under Stage 3

Human Resources

As on June 30, 2019, we had 4,111 permanent employees on the rolls of TCFSL.

Property

As on June 30, 2019, we have 125 branches located in 23 states throughout India which have been mostly leased by us.

IV. HISTORY AND MAIN OBJECTS

Subsidiaries, joint ventures or associate companies

TCFSL does not have any subsidiary or joint venture. However, as on the date of this Tranche II Prospectus, TCFSL has the following associate companies:

- Shriram Properties Private Limited;
- TVS Supply Chain Solutions Limited; and
- Fincare Business Services Limited.

Indian Accounting Standard (Ind AS) 28 sets out various criterion that assist in the determination of 'significant influence' by one entity over another entity. These include:

- i. Representation on the board of directors or equivalent governing body of the investee;
- ii. Participation in policy-making processes, including participation in decisions about dividends or other distributions;

In the assessment of TCFSL its shareholding in Shriram Properties Private Limited, Fincare Business Services Limited and TVS Supply Chain Solutions Limited (Collectively “Investee Companies”), together with the shareholder rights detailed in the respective shareholders’ agreement meet the criteria of TCFSL having significant influence (as prescribed under Ind AS 28) over the Investee Companies.

Pursuant to the above, the Investee Companies are treated as ‘associates’ for the limited purpose of preparing the consolidated financial statements of Tata Capital Financial Services Limited. The Investee Companies are not Tata companies, have no other association other than as disclosed in the financial statements and have no rights to use the brand name and/or logo of ‘Tata’ or “Tata Capital” or any variant thereof.

V. OUR MANAGEMENT

Details relating to Directors

Since the date of filing the Shelf Prospectus and the Tranche I Prospectus, changes in relation to the details of our Directors are set out below:

| Name, Designation, Age, DIN and Term | Nationality | Date of Appointment | Address | Other Directorships |
|--|-------------|---------------------|--|--|
| Mr. Rajiv Sabharwal Age: 53 years Non-Executive Director DIN: 00057333 Term: Liable to retire by rotation | Indian | April 1, 2018 | C-183, Kalpataru Sparkle, N. Dharmadhikari Road, Gandhinagar, Bandra (East), Mumbai 400 051, Maharashtra, India | i) Tata Capital Limited ii) Tata Capital Housing Finance Limited iii) Tata Cleantech Capital Limited iv) Tata Realty and Infrastructure Limited v) Tata Securities Limited vi) Tata Capital Pte. Ltd. vii) Tata Capital Advisors Pte. Ltd. viii) Tata Asset Management Limited ix) Tata Asset Management (Mauritius) Private Limited x) Tata Indian Opportunities Fund xi) Tata Indian Sharia Equity Fund. |
| Mr. Farokh N. Subedar Age: 63 years Non-Executive Director DIN: 00028428 Term: Liable to retire by rotation | Indian | March 26, 2011 | 1, Wadia Building, 6 Babulnath Road, Mumbai 400 007, Maharashtra, India | i) Tata AIG General Insurance Company Limited ii) Tata Asset Management Limited iii) Tata Capital Limited iv) Tata Industries Limited v) Tata Investment Corporation Limited vi) Tata Petrodyne Limited vii) Tata Realty and Infrastructure Limited viii) Tata Services Limited ix) Zoroastrian Investment Corporation Private Limited xii) Tata Limited, London |
| Ms. Varsha Purandare Age: 60 years Independent Director DIN: 05288076 Term: 5 years commencing from April 1, 2019 | Indian | April 1, 2019 | Flat No. 906, Building A, Yuthika Society, Sr. No. 89, Veerbhadra Nagar, Baner, Pune – 411045, Maharashtra, India. | i) Tata Capital Limited; ii) Orient Cement Limited; iii) Legal Entity Identifier India Limited. |

Profile of Director

Ms. Varsha Purandare is an Independent Director on the Board of TCFSL since April 1, 2019. Ms. Purandare holds a bachelor's degree in science and a diploma in business management from University of Pune. Prior to joining our Company, Ms. Purandare was associated in the capacity of a director with various companies including SBI Capital Markets Limited, SBI Cap Securities Limited, SBI Cap Ventures Limited and The Clearing Corporation of India Limited.

Borrowing powers of the Board

Pursuant to a resolution passed by the Members at their EGM held on March 27, 2019 and in accordance with Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, our Board has been authorised to borrow from time to time, as the Board may think fit, any sum or sums of money, notwithstanding that the moneys to be so borrowed together with the moneys already borrowed by the Company may exceed the aggregate of the paid-up share capital of the Company and its free reserves. The aggregate of the moneys that may be thus borrowed by the Company together with the moneys already borrowed and remaining outstanding shall not at any time exceed ₹ 52,00,000 lakh (Rupees fifty two thousand crore only).

Remuneration to our Non-Executive Directors and Independent Directors

Our Non-Executive and Independent Directors have been paid remuneration by way of sitting fees and commission in respect of FY 2018 – 19, as under:

| Name of the Director | Commission (in ₹) | Sitting fees (in ₹) |
|-----------------------------|-------------------|---------------------|
| Mr. Rajiv Sabharwal | - | - |
| Mr. F. N. Subedar | 2,500,000 | 280,000 |
| Mr. Mukund S. Dharmadhikari | 2,500,000 | 840,000 |
| Ms. Anuradha E. Thakur | 2,500,000 | 1,200,000 |
| Mr. M. D. Mallya* | 1,700,000 | 210,000 |

*Mr. M. D. Mallya, ceased to be a Non – Executive Director of the Company, with effect from November 25, 2018, consequent upon his demise.

Remuneration to our Executive Director

Our Managing Director has been paid remuneration in respect of FY 2018 – 19, as under:

| Name of the Director | Commission (in ₹) | Remuneration (in ₹) |
|----------------------|-------------------|-----------------------------------|
| Mr. Kusal Roy | 8,500,000 | 48,314,867 (including commission) |

Changes in the Directors of TCFSL during the period from Tranche I Prospectus upto the date of Tranche II Prospectus

The changes in the Board of Directors of TCFSL during the period from Tranche I Prospectus upto the date of this Tranche II Prospectus are as follows:

| Name | Designation | DIN | Date of appointment | Date of resignation / cessation | Remarks |
|----------------------|--------------------------|----------|---------------------|---------------------------------|---------------|
| Mr. M. D. Mallya | Non – Executive Director | 01804955 | - | November 25, 2018 | Due to demise |
| Ms. Varsha Purandare | Independent Director | 05288076 | April 1, 2019 | NA | Appointment |

Other understandings and confirmations

No Director of TCFSL is a director or is otherwise associated in any manner with any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, wilful defaulter list maintained by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority.

Interest of our Directors

Our Non-Executive Directors and Independent Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof, to the extent of commission, other remuneration and reimbursement of expenses payable to them. The Managing Director may be deemed to be interested to the extent of remuneration paid to him for services rendered as the officer of TCFSL.

Our Directors may also be deemed to be interested to the extent of Equity Shares, if any, held jointly by them with TCL, or Debentures, if any, held by them in TCFSL.

Some of our Directors may be deemed to be interested to the extent of any loans or advances provided to or received from any body corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

Further, except as otherwise stated in the Shelf Prospectus and this Tranche II Prospectus, TCFSL has not entered into any contract, agreement or arrangement, other than in ordinary course of business, during the preceding two years from the date of the Shelf Prospectus and upto the date of this Tranche II Prospectus in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. For details relating to other interest of Directors in respect to other related party transactions, please see the section “*Financial Information*” on page 148 of this Tranche II Prospectus.

None of the Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of TCFSL.

Except as disclosed in the Shelf Prospectus and this Tranche II Prospectus, our Directors do not have an interest in any venture that is involved in any activities similar to those conducted by TCFSL.

Except as disclosed above and to the extent of remuneration and their shareholding in TCFSL, our Directors do not have any other interest in the business of TCFSL.

Our Directors have no interest in any immovable property acquired or proposed to be acquired by TCFSL in the preceding two years of filing the Shelf Prospectus and upto the date of filing this Tranche II Prospectus with the Designated Stock Exchange nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to TCFSL. No benefit/interest will accrue to our Promoters/Directors out of the objects of the issue.

Corporate Governance

(i) Information Technology Strategy Committee

The information technology strategy committee was last re – constituted by our Board pursuant to the resolution dated March 27, 2019, with effect from April 1, 2019, as set forth below:

| Name of the Director | Designation in the Committee |
|-----------------------------|------------------------------|
| Mr. Mukund S. Dharmadhikari | Chairman |
| Mr. F. N. Subedar | Member |
| Mr. Rajiv Sabharwal | Member |
| Mr. Kusal Roy | Member |

Further, the terms of reference of the Information Technology Strategy Committee were revised pursuant to the resolution of the Board of Directors dated March 27, 2019. The revised terms of reference of the Information Technology Strategy Committee are set forth below:

- (i) approving IT strategy and policy documents and ensuring that the management puts an effective strategic planning process in place;
- (ii) ascertaining that the management had implemented processes and practices that ensure that the IT delivers value to the business;
- (iii) ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- (iv) monitoring the method that the management used to determine the IT resources needed to achieve strategic goals and providing high-level direction for sourcing and use of IT resources;
- (v) ensuring proper balance of IT investments for sustaining the Company's growth and being aware about exposure towards IT risks and controls;
- (vi) constituting the Steering Committee and reviewing the discussions of the said committee periodically;
- (vii) instituting an effective governance mechanism and risk management process for all outsourced IT operations and taking all such actions as may be required under the Directions in respect of the outsourced IT operations;
- (viii) doing any or all things that may be done by the Board of Directors in accordance with the RBI IT Directions, as amended from time to time;
- (ix) doing such other things related to IT as may be recommended by the Board of Directors to the committee.
- (x) reviewing the IT / Information Systems ("IS") Audit report and provide its observation/recommendations to the Audit Committee; and
- (xi) recommending the appointment of IT/IS auditor to the Audit Committee.

(ii) *Audit Committee*

The audit committee was last re – constituted by our Board pursuant to the resolution dated March 27, 2019, with effect from April 1, 2019, as set forth below:

| Name of the Director | Designation in the Committee |
|-----------------------------|-------------------------------------|
| Mr. Mukund S. Dharmadhikari | Chairman |
| Mr. F. N. Subedar | Member |
| Ms. Anuradha E. Thakur | Member |
| Ms. Varsha Purandare | Member |

(iii) *Nomination and Remuneration Committee*

The nomination and remuneration committee was last re – constituted by our Board pursuant to the resolution dated March 27, 2019, with effect from April 1, 2019, as set forth below:

| Name of the Director | Designation in the Committee |
|-----------------------------|-------------------------------------|
| Ms. Anuradha E. Thakur | Chairperson |
| Mr. Mukund S. Dharmadhikari | Member |
| Mr. Rajiv Sabharwal | Member |

(iv) *Investment Credit Committee*

The investment credit committee was last re – constituted by our Board pursuant to the resolution dated March 27, 2019, with effect from April 1, 2019, as set forth below:

| Name of the Director | Designation in the Committee |
|------------------------|------------------------------|
| Ms. Varsha Purandare | Chairperson |
| Ms. Anuradha E. Thakur | Member |
| Mr. Kusal Roy | Member |
| Mr. Rajiv Sabharwal | Member |

(v) *Risk Management Committee*

The risk management committee was last re – constituted by our Board pursuant to the resolution dated March 27, 2019, with effect from April 1, 2019, as set forth below:

| Name of the Director | Designation in the Committee |
|------------------------|------------------------------|
| Ms. Varsha Purandare | Chairperson |
| Ms. Anuradha E. Thakur | Member |
| Mr. Kusal Roy | Member |
| Mr. Rajiv Sabharwal | Member |

(vi) *Finance and Asset Liability Supervisory Committee*

The finance and asset liability supervisory committee was last re – constituted by our Board pursuant to the resolution dated March 27, 2019, with effect from April 1, 2019, as set forth below:

| Name of the Director | Designation in the Committee |
|--------------------------|------------------------------|
| Ms. Varsha Purandare | Chairperson |
| Mr. Mukund Dharmadhikari | Member |
| Mr. Kusal Roy | Member |
| Mr. Rajiv Sabharwal | Member |

(vii) *Committee for Review of Policies*

The committee for review of policies was last re – constituted by our Board pursuant to the resolution dated March 27, 2019, with effect from April 1, 2019, as set forth below:

| Name of the Director | Designation in the Committee |
|------------------------|------------------------------|
| Ms. Anuradha E. Thakur | Chairperson |
| Mr. Kusal Roy | Member |

(viii) *Corporate Social Responsibility Committee*

The corporate social responsibility committee was last re – constituted by our Board pursuant to the resolution dated March 27, 2019 with effect from April 1, 2019, as set forth below:

| Name of the Director | Designation in the Committee |
|--------------------------|------------------------------|
| Mr. F.N. Subedar | Chairman |
| Mr. Kusal Roy | Member |
| Mr. Mukund Dharmadhikari | Member |

(ix) *Stakeholders' Relationship Committee*

The stakeholders' relationship committee was last re – constituted by our Board pursuant to the resolution dated March 27, 2019, with effect from April 1, 2019, as set forth below:

| Name of the Director | Designation in the Committee |
|--------------------------|------------------------------|
| Mr. F.N. Subedar | Chairman |
| Mr. Kusal Roy | Member |
| Mr. Mukund Dharmadhikari | Member |

VI. OUR PROMOTER

Details of Shares allotted to TCL as of June 30, 2019

TCFSL has allotted Equity Shares to TCL, as under:

| Name of the Shareholder | Type of Shares | Total Number of shares | Total Shareholding as a % of total number of shares |
|-------------------------|----------------|------------------------|---|
| Tata Capital Limited | Equity | 1,375,561,658* | 100% |

TCFSL has allotted Preference Shares to TCL, as under:

| Name of the Shareholder | Type of Shares | Total Number of shares | Total Shareholding as a % of total number of shares |
|-------------------------|----------------|------------------------|---|
| Tata Capital Limited | Preference | 1,889,000,000* | 100% |

*On February 1, 2019, 656,000,000, 9% Compulsorily Convertible Cumulative Preference Shares of ₹10 each held by TCL were converted into 78,011,658 Equity Shares of ₹ 10 each, at a Fair Value of ₹ 84.09 per Equity Share.

Shareholding Pattern of TCL as on June 30, 2019

Summary Statement Holding of Equity Shareholders

| Particulars | Total Number of Equity Shares | Number of Equity Shares in dematerialised form | Total Shareholding as % of Total Number of Equity Shares | Number of Equity Shares pledged or encumbered by the Promoters | Percentage of Equity Shares pledged with respect to shares owned |
|---|-------------------------------|--|--|--|--|
| Promoters | | | | | |
| Bodies Corporate | 3,128,505,090 | 3,128,505,090 | 94.23 | Nil | Nil |
| Non Promoters | | | | | |
| Bodies Corporate | 116,721,517 | 116,721,517 | 3.51 | Nil | Nil |
| TCL Employee Welfare Trust (ESOP Trust) | 51,666,230 | 51,666,230 | 1.56 | Nil | Nil |
| Individuals | 23,196,477 | 23,196,477 | 0.70 | Nil | Nil |
| Total | 3,320,089,314 | 3,320,089,314 | 100 | Nil | Nil |

Summary Statement Holding of Preference Shareholders

| Particulars | Total Number of Preference Shares | Number of Preference Shares in Dematerialised Form | Total Shareholding as % of Total Number of Preference Shares | Number of Preference Shares pledged or encumbered by the Promoters | Percentage of Preference Shares pledged with respect to shares owned |
|----------------------|-----------------------------------|--|--|--|--|
| Promoters | | | | | |
| Bodies Corporate | Nil | Nil | Nil | Nil | Nil |
| Non Promoters | | | | | |
| Bodies Corporate | 8,679,854 | 8,679,854 | 45.92 | Nil | Nil |
| Individuals | 9,362,337 | 9,362,337 | 49.53 | Nil | Nil |
| Trust | 381,433 | 381,433 | 2.02 | Nil | Nil |
| Others | 479,442 | 479,442 | 2.53 | Nil | Nil |
| Total | 18,903,066 | 18,903,066 | 100 | Nil | Nil |

There has been no change in the promoter holding in TCFSL during the last financial year beyond 26% (as prescribed by RBI).

Other understanding and confirmations

TCL has confirmed that it has not been identified as wilful defaulter by the RBI or any other governmental authority. No violation of securities laws has been committed by TCL in the past or is currently pending against it. TCL or its directors

are not debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

TCL is not in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, at any time.

Common Pursuits of TCL and TCL Group

TCL has interests in the following entities that are engaged in businesses similar to TCFSL and this may result in potential conflicts of interest with TCFSL.

- i) Tata Capital Housing Finance Limited; and
- ii) Tata Cleantech Capital Limited

For further details, please see the section "*Risk Factors*" at page 11 of the Shelf Prospectus and at page 23 of this Tranche II Prospectus. For further details on the related party transactions, to the extent up to which TCFSL is involved, please see the section "*Financial Information*" at page 197 of the Shelf Prospectus and at page 148 of this Tranche II Prospectus.

Interest of Promoter in TCFSL

Except as disclosed below, and as stated under the section "*Financial Information*" on page 197 of the Shelf Prospectus and at page 148 of this Tranche II Prospectus, other than as our shareholder, TCL does not have any other interest in TCFSL. Further, TCL has not given any personal guarantees in relation to loan facilities availed by TCFSL. For further details, please see the section "*Disclosures on Existing Financial Indebtedness*" at page 92 of the Shelf Prospectus and at page 48 of this Tranche II Prospectus.

TCL may be deemed to be interested in the Issue.

Details of shares pledged or encumbered by TCL as of June 30, 2019

No shares have been pledged or encumbered by TCL as of the date of this Tranche II Prospectus.

Payment of benefits to TCL during the last two years

Other than as disclosed under the "*Related Party Transactions*" segment of the Financial Information of TCFSL, available at page 197 of the Shelf Prospectus and at page 148 of this Tranche II Prospectus, TCFSL has not made payments of any benefits to TCL during the last two years preceding the date of this Tranche II Prospectus.

Interest of TCL in property, land and construction

Except as stated in the section "*Financial Information*" at page 197 of the Shelf Prospectus at page 148 of this Tranche II Prospectus, TCL does not have any interest in any property acquired by TCFSL within two years preceding the date of filing of this Tranche II Prospectus or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

VII. PENDING PROCEEDINGS AND STATUTORY DEFAULTS

1. Litigation involving TCFSL

(a) *Litigations against TCFSL*

(i) *Civil Proceedings*

- (A) TCFSL has sanctioned Channel Finance Facility to Magic Motors of an amount of Rs. 5,00,00,000. Upon default being committed by the Borrower, TCFSL has initiated

arbitration proceedings and filed its claim before the sole arbitrator for Rs. 5,67,20,956.87. The Borrower has filed counter claim of Rs. 30,462 lakh along with the statement of defence claiming business losses, loss of goodwill and reputation. TCFSL has filed its reply to the same and the matter is pending before the Arbitrator for adjudication.

- (B) TCFSL has sanctioned Channel Finance Facility to Kanchan Motors of an amount Rs. 3,00,00,000. Upon default being committed by the Borrower, TCFSL has initiated arbitration proceedings and filed its claim before the sole arbitrator for Rs. 2,42,24,898.53. The Borrower has filed counter claim of Rs. 21,091 lakh along with the statement of defence claiming business losses, loss of goodwill and reputation, mental harassment and agony. TCFSL has filed its reply to the same; matter is pending before the arbitrator for adjudication.

(b) ***Tax Cases***

- (i) The Deputy Commissioner of Income Tax (“**DCIT**”) passed the assessment order dated March 13, 2016 under Section 143(3) of the IT Act for the assessment year 2013-14 by making a disallowance of an amount of ₹ 25,60,46,725 under Section 14A of the IT Act. Subsequently, TCFSL filed an appeal under Section 250 of the IT Act before the Commissioner of Income Tax (Appeals) on April 12, 2016 against the assessment order passed by the DCIT. The appeal was allowed and decided in favour of TCFSL vide order dated October 30, 2017. Pursuant to such order, the DCIT has filed an appeal before Income Tax Appellate Tribunal, Mumbai. The matter was heard on June 6, 2019 and the order is yet to be received.
- (ii) The DCIT passed the assessment order dated December 26, 2018 under Section 143(3) of the Income Tax Act, 1961 for the assessment year 2016-17 by making the disallowance of interest expense on perpetual non-convertible debentures amounting to ₹ 21,62,59,650 and disallowance of an amount of ₹ 33,87,115 under Section 14A of the IT Act. Subsequently, TCFSL has filed an appeal under Section 250 of the IT Act before the CIT(A) on January 24, 2019 against the assessment order passed by the ACIT. The matter is currently pending before CIT (A).
- (iii) TCFSL had received an ex-parte order dated February 02, 2016 wherein VAT was levied on estimated purchase and sales turnover. A rectification application against the order has been filed for reopening the assessment against an order passed before the Deputy Commissioner, Uttar Pradesh in respect of the ex-parte order levying VAT of ₹ 30,72,876. TCFSL has filed an appeal seeking relief against such ex-parte order. The appeal has been approved and in pursuance of the same, TCFSL has reduced such additional VAT as a line item from its contingent liability.
- (iv) TCFSL has received an assessment order dated January 24, 2018 (received on February 23, 2018) from the Deputy Commissioner, Sales Tax under the Maharashtra Value Added Tax Act, 2002 regarding dis-allowance of input credit amounting to Rs. 35,36,000 pertaining to the financial year 2013-14 based on a J1 and J2 mismatch report. TCFSL has filed an appeal in this regard with the Deputy Commissioner, Appeals and the matter is currently pending.
- (v) TCFSL has received a notice of demand dated January 10, 2018 from the Commercial Taxes Department, Government of Jharkhand under the Jharkhand Value Added Tax Act, 2005 regarding dis-allowance of input credit amounting to Rs. 23,08,000 pertaining to the financial year 2015-16. TCFSL has filed an appeal in this regard with the Deputy Commissioner, Appeals and the matter is currently pending.
- (vi) TCFSL has received an assessment order dated May 18, 2018 (received on June 25, 2018) from the Deputy Commissioner, Commercial Tax under the West Bengal Value Added Tax Act, 2003 regarding dis-allowance of input credit and URD purchases amounting to Rs. 78,65,000

pertaining to the financial year 2015-16. TCFSL has filed an appeal in this regard with the Deputy Commissioner, Appeals and the matter is currently pending.

- (vii) TCFSL has received an audit report and notice for payment of tax dated September 03, 2018 from the Sales Tax Officer, Bhubaneswar under the Odisha Value Added Tax Act, 2004 regarding dis-allowance of input credit amounting to Rs. 2,35,000 pertaining to the financial year 2015-16. TCFSL has filed an appeal in this regard with the Deputy Commissioner, Appeals and the matter is currently pending.
- (viii) TCFSL has received an assessment order from the Deputy Commissioner, Commercial Tax under the West Bengal Value Added Tax Act, 2003 regarding dis-allowance of input credit, estimated URD purchases and waybill issuances amounting to Rs. 4,78,000 pertaining to the financial year 2015-16. TCFSL has filed an appeal in this regard with the Deputy Commissioner, Appeals and the matter is currently pending.
- (ix) TCFSL has received an assessment order on May 17, 2019 from the Deputy Commissioner, Sales Tax under the Maharashtra Value Added Tax Act, 2002 regarding dis-allowance of input credit amounting to Rs. 95,94,000 pertaining to the financial year 2014-15 based on a J1 and J2 mismatch report. TCFSL has filed an appeal in this regard with the Deputy Commissioner, Appeals and the matter is currently pending.
- (x) TCFSL has received an order dated April 30, 2019 from the Deputy Commissioner under the Uttar Pradesh Value Added Tax Act, 2008 regarding VAT demand of Rs. 71,14,000 pertaining to the financial year 2014-15. TCFSL has filed an appeal in this regard with the Deputy Commissioner, Appeals and the matter is currently pending.
- (xi) TCFSL has received an assessment order dated April 10, 2019 from the State Tax Officer, Ahmedabad under the Gujarat Value Added Tax Act, 2003 regarding taxability of lease rentals at a higher rate, resulting in a demand of Rs. 14,16,000 pertaining to the financial year 2014-15. TCFSL has filed an appeal in this regard with the Deputy Commissioner, Appeals and the matter is currently pending.

2. *Litigations by TCFSL*

- (i) TCL has advanced a bill discounting facility amounting to ₹ 30,00,00,000 which was increased to ₹ 50,00,00,000 to Biotor Industries Limited ("**Biotor**"). Biotor defaulted in repayment of the facility and TCL invoked arbitration before a sole arbitrator. TCL filed claim against Biotor on December 09, 2009 claiming an amount of ₹ 42,50,00,000 with further interest. In the said arbitration, Biotor filed counter claim of ₹ 250,00,00,000 for damages and alleging collusion and fraud. Biotor also filed an application under Section 16 of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**") contending that on account of such fraud, the arbitral tribunal had no jurisdiction to entertain the disputes. The arbitration was finally argued and is reserved for passing of the award. Biotor has filed a suit against certain entities where TCL has also been impleaded as a defendant. While Biotor has claimed an amount of ₹ 309,58,60,000 from the other defendants, it has alleged fraud against TCL and its employees for colluding with the employees of Biotor and coercing Biotor to avail the said facility and the insurance coverage from TATA AIG General Insurance Company Limited and seeking only injunction relief against TCL. TCL has filed an application under Section 8 of the Arbitration Act to refer matter to arbitration and the same is pending. Pursuant to sanction of the Scheme of Arrangement, all securities, rights, obligations under security arrangements, collateral, etc. were transferred from TCL to TCFSL.

Allahabad Bank has filed proceedings before NCLT for corporate insolvency of Biotor and the petition has been admitted. TCFSL being one of the financial creditors has filed its claim for an amount of ₹ 80,41,00,000. The NCLT has passed an order for liquidation of the company as no resolution plan was approved by Committee of Creditors ("**COC**"). Matter is pending before the

Liquidator and TCFSL has filed Form D.

- (ii) The proceedings under paragraph (ii) shall be deleted in their entirety.
- (iii) The State Bank of India filed an application under Section 7 of the IBC Code before the National Company Law Tribunal ("**NCLT**"), Hyderabad bench for initiation of corporate insolvency proceedings against IVRCL Limited. In furtherance of such application, corporate insolvency resolution process was initiated pursuant to an order passed by the NCLT Hyderabad bench dated February 23, 2018. TCFSL being a financial creditor has filed a proof of its claim for an amount of Rs. 86,95,00,768 as on February 23, 2018. The corporate insolvency proceedings in this regard are currently in progress. Mr. Sutanu Sinha, Resolution Professional has filed an application seeking liquidation of the Company which is pending.
- (iv) TCL had sanctioned a term loan amount of ₹ 100,00,00,000 to Deccan Chronicle Holding Limited ("**Deccan**") in 2011. Deccan defaulted in the payment of the loan and TCL initiated arbitration proceedings against Deccan. Under Section 9 of the Arbitration Act, Court Receiver, High Court of Bombay took physical possession of the mortgaged property at Mathuradas Mill Compound, Mumbai. The arbitrator passed an interim award dated April 16, 2014 in favour of TCFSL for ₹ 100,00,00,000 and a final award dated October 01, 2016 for the interest component. Deccan had challenged the Interim Award but did not succeed. Thereafter, Deccan has also challenged the final award for interest payment. TCFSL has also filed a suit in the Bombay High Court for enforcement of mortgaged property by sale which is pending. TCFSL has also initiated SARFAESI proceedings against the mortgaged property and applied to the Court for handing over possession by Court Receiver to authorized officer of TCFSL which is pending. Canara Bank has initiated proceedings against Deccan under Section 7 of the IBC before the NCLT, Hyderabad bench. TCFSL being a financial creditor has filed its claim of Rs.182,72,00,000 before the insolvency resolution professional. The COC has approved Resolution Plan and NCLT has passed order approving the Resolution Plan. One of the lenders IDBI has challenged the NCLT order and the same is pending before NCLAT.
- (v) TCFSL has initiated arbitration proceedings against Siva Industries & Holdings Limited ("**Siva**") and Mr. C. Sivasankaran for a breach of put option exercised by TCFSL pursuant to a shareholders agreement and has claimed an amount of Rs.34,300 lakh. The Supreme Court of India pursuant to its order dated April 02, 2018 appointed a sole arbitrator for adjudicating the disputes between the parties. The matter is currently pending before the sole arbitrator wherein TCFSL has filed its statement of claim. NCLT Chennai has passed an order admitting the petition filed by one of the financial creditors of Siva under the IBC Code and order of moratorium has been passed.
- (vi) TCL had subscribed to Optionally Convertible Debentures of Rs. 5,000 lakh issued by Arohi Infrastructure Private Limited for the purpose of equity infusion in M/s. Karaikal Port Private Limited, by way of promoter funding or otherwise for a tenure of 48 months. Pursuant to sanction of the Scheme of Arrangement, all securities, rights, obligations under security arrangements, collateral, etc. were transferred from TCL to TCFSL. The Borrower subsequently defaulted in the repayment of the sanctioned facility and arbitration was initiated by TCFSL against the Borrower and others. Application under Section 7 of the IBC Code filed by TCFSL before the NCLT Chennai Bench was admitted and its claim of Rs. 117,81,23,998 was admitted by the Resolution Professional. Marg Limited had filed an appeal against the admission order and the said appeal was dismissed by the National Company Law Appellate Tribunal ("**NCLAT**"). The NCLT Chennai Bench has passed an order dated December 05, 2018 for liquidation of the Borrower and TCFSL has filed its claim before the Liquidator. Edelweiss ARC had filed an appeal before NCLAT seeking, inter alia, admission of its claim and setting aside of liquidation order which was dismissed by the NCLAT vide order dated May 22, 2019. Edelweiss ARC has filed a civil appeal before the Supreme Court of India seeking setting aside of the order dated May 22, 2019 passed by the NCLAT. The said appeal is pending.

- (vii) The State Bank of India had filed an application under Section 7 of the IBC Code before the NCLT Kolkata bench for initiation of corporate insolvency proceedings against Coastal Projects Limited. In furtherance of such application, corporate insolvency resolution process was initiated pursuant to an order passed by the NCLT dated January 05, 2018, TCFSL being a financial creditor has filed its claim for an amount of Rs. 130,86,59,935 as on January 05, 2018. Subsequently, NCLT has passed an order dated December 06, 2018 for liquidation of the captioned company. TCFSL has filed its claim of Rs. 146,75,77,053 before the Liquidator. TCFSL had filed a Commercial Arbitration Petition (L) No. 57 of 2019 before the Bombay High Court against personal guarantors namely Mr. Surendra Sabbineni and Mrs. Shantisree Sabbineni seeking, inter alia, injunction with respect to their personal assets. The High Court of Bombay has restrained Mr. Surendra Sabbineni and Mrs. Shantisree Sabbineni from creating third party rights with respect to the assets mentioned in of the said petition. Arbitration proceedings are also initiated and are pending.
- (viii) TCL had advanced a loan amounting to Rs. 50,00,00,000 to Gupta Corporation Private Limited ("**Borrower**"). Pursuant to sanction of the Scheme of Arrangement, all securities, rights, obligations under security arrangements, collateral, etc. were transferred from TCL to TCFSL. The Borrower subsequently defaulted in the repayment of the sanctioned loan amount and arbitration was initiated by TCFSL against the Borrower. The Borrower filed an application under Section 10 of the IBC Code before the NCLT, Mumbai bench for initiation of corporate insolvency proceedings. TCFSL being a financial creditor has filed a claim for an amount of Rs. 85,06,83,284. Subsequently, NCLT, Mumbai Bench passed an order dated December 01, 2018 for liquidation of the Borrower. TCFSL has filed its claim of Rs. 81,51,97,836 with the Liquidator. NCLT, Mumbai Bench has also passed order for liquidation of the mortgagor company namely Gupta Infrastructure India Pvt. Ltd. and TCFSL has filed its claim before the Liquidator. TCFSL has re-initiated arbitration proceedings against personal guarantors namely Mr. Padmesh Gupta and Mrs. Anuradha Gupta. TCFSL had filed petitions under section 9 of the Arbitration & Conciliation Act, 1996 before the Bombay High Court against the Borrower and as a result of a common order, court receiver was appointed who took symbolic possession of the mortgaged property.
- (ix) The proceedings under paragraphs (viii) and (ix) shall be deleted in their entirety.
- (x) TCFSL has sanctioned a Channel Finance Facility for Rs. 35,00,00,000 to Simtel Trading Corporation Private Limited, for the purpose of purchase of mobile phones and accessories from Lenova India Private Limited. Borrower has defaulted in repayments and hence TCFSL has initiated arbitration proceedings and has also obtained interim reliefs under section 9 of the Arbitration Act before Madras High Court restraining the Respondents from alienating the property. TCFSL has also issued demand notice under section 13(2) of SARFAESI and has taken physical possession of the mortgaged properties and is in the process of selling the same.
- (xi) TCFSL has sanctioned two Inventory Finance Facilities of Rs. 24,50,00,000 and of Rs. 1,500 lakh and an adhoc facility of Rs. 600 lakh to Balaji Digital Solutions Pvt. Ltd. Demand notice under Section 13(2) of SARFAESI has been issued on March 25, 2019 in respect of the mortgaged properties and a section 9 petition has been filed under the Arbitration Act before the High Court of Bombay and interim relief of injunction has been allowed.
- (xii) TCFSL has sanctioned and disbursed to Spectra Motors Ltd, channel finance/inventory funding facilities of Rs. 30,00,00,000. TCFSL has filed a section 9 petition before the High Court of Mumbai for seeking interim reliefs under the Arbitration Act.
- (xiii) TCFSL has filed various proceedings under Section 138 of the Negotiable Instruments Act, 1881 for recovering amounts due from various individuals and/or entities on account of dishonouring of cheques issued by such persons. As on the date of this Tranche II Prospectus, TCFSL has filed more than 31,000 cases which are currently outstanding where the aggregate amount claimed from all defaulters is about Rs. 1,94,000 lakh.

2. Details of material frauds committed against TCFSL

Given the business of TCFSL as an NBFC, there have been instances of frauds committed by borrowers, customers and employees against TCFSL which are inherent in the nature of the business of TCFSL and arise in the ordinary course of business. Any and all frauds above having a monetary implication exceeding ₹ 1,00,000 have been reported by TCFSL to the RBI. Details of such frauds are listed below:

| Financial year | March 31, 2019 | March 31, 2018 | March 31, 2017 | March 31, 2016 | March 31, 2015 |
|--|---|---|---|--|--|
| Nature of the frauds | The frauds included customer where fabricated documents were submitted, misappropriation of funds by employees, dealers, DSAs. | The frauds included misappropriation of funds by employees and DSAs and submission of fabricated documents by borrowers to avail loans. | The frauds included identity theft, connivance between the borrower, employee and agents to avail the loan fraudulently and submission of fake documents. | The frauds included submission of fraudulent documents, misrepresentation, cheating, etc. where employees projected business sourced by them as business sourced by a direct sales agent to earn undue commission. | The frauds included a false robbery, false employee reimbursement claims and submission of fraudulent documents by borrowers to avail loans. |
| Aggregate amount involved (in ₹ lakh) | 1021.15 | 340 | 954 | 68 | 28 |
| Corrective actions taken by TCFSL | In these cases, TCFSL has conducted detailed inquiry into the frauds and analysed the causes. Based on the analysis, requisite corrective actions like strengthening of controls and internal processes have been taken wherever required. In case of involvement of the employees of TCFSL in a fraud, on a case-to-case basis, appropriate disciplinary action, including termination has been taken. Police complaints have been filed against the fraudsters. | | | | |

VIII. DISCLOSURE ON EXISTING FINANCIAL INDEBTEDNESS

The outstanding borrowings of the TCFSL as on June 30, 2019, are as follows:

| (In ₹ lakh) | | | |
|-------------|--------------------------------------|-----------|----------------------|
| S.No. | Nature of borrowings | Amount* | Amount as per IND AS |
| 1. | Secured borrowings | 2,610,221 | 2,602,638 |
| 2. | Unsecured borrowings excluding CCCPS | 1,266,113 | 1,253,803 |
| 3. | Unsecured borrowings – CCCPS | 188,900 | 188,900 |

*Gross of unamortised discounts / premium

Set forth below, is a summary of the borrowings by TCFSL as at June 30, 2019 together with a brief description of certain significant terms of such financing arrangements.

A. Details of secured borrowings:

TCFSL's secured borrowings as on June 30, 2019 amount to ₹ 2,610,221 lakh. The details of the individual borrowings are set out below:

1. Cash Credit / Working Capital Demand Loan ("WC DL") facilities availed by TCFSL

(In ₹ lakh)

| S. No. | Bank | Amount sanctioned* | Principal amount outstanding as on June 30, 2019** | Repayment date / schedule |
|------------------------------------|----------------------------|--------------------|--|--------------------------------|
| Cash Credit | | | | |
| 1. | Axis Bank Limited | 2,500 | 2,000 | Repayable/ callable on demand. |
| 2. | Bank Of America N.A. | 36,000 | 35,500 | Repayable/ callable on demand. |
| 3. | Punjab & Sind Bank | 12,000 | 11,500 | Repayable/ callable on demand. |
| 4. | Allahabad Bank | 20,000 | 19,514 | Repayable/ callable on demand. |
| 5. | Oriental Bank of Commerce | 12,000 | 11,479 | Repayable/ callable on demand. |
| 6. | Karnataka Bank | 5,000 | 4,500 | Repayable/ callable on demand. |
| 7. | UCO Bank | 30,000 | 29,000 | Repayable/ callable on demand. |
| 8. | Book Overdraft* | 12,708 | 12,708 | Repayable/ callable on demand |
| TOTAL | | 1,30,208 | 1,26,201 | |
| Working Capital Demand Loan | | | | |
| 1. | Central Bank of India | 50,000 | 49,500 | September 23, 2019 |
| 2. | Corporation Bank | 10,000 | 9,500 | February 5, 2020 |
| 3. | Bank of Baorda (Dena Bank) | 50,000 | 39,500 | July 23, 2019 |
| 4. | Bank Of America N.A. | 24,000 | 20,000 | May 22, 2020 |
| 5. | Canara Bank | 20,000 | 4,000 | July 17, 2019 |
| 6. | | | 19,500 | July 5, 2019 |
| 7. | Deutsche Bank | 20,000 | 10,000 | August 30, 2019 |
| 8. | Bank of Baroda | 25,000 | 10,000 | August 28, 2019 |
| 9. | State Bank of India | 90,000 | 17,500 | December 20, 2019 |
| 10. | Federal Bank | 25,000 | 45,000 | July 4, 2019 |
| 11. | | 40,000 | 20,000 | December 5, 2019 |
| 12. | Axis Bank Limited | 8,000 | 35,000 | July 29, 2019 |
| 13. | Punjab and Sind Bank | 15,000 | 4,500 | August 29, 2019 |
| 14. | IDBI Bank Limited | 50,000 | 8,000 | July 8, 2019 |
| 15. | Bank of India | 8,000 | 6,000 | September 24, 2019 |
| 16. | Oriental Bank of Commerce | 40,000 | 40,000 | July 26, 2019 |
| 17. | Jammu and Kashmir Bank | 27,500 | 8,000 | June 23, 2020 |
| 18. | HSBC | 20,000 | 19,500 | December 20, 2019 |
| 19. | HDFC Bank | 20,000 | 20,000 | June 26, 2020 |
| 20. | Union Bank of India | 50,000 | 10,000 | December 24, 2019 |
| 21. | Bank of Maharashtra | 20,000 | 17,500 | July 5, 2019 |
| 22. | Punjab National Bank | 30,000 | 5,000 | September 27, 2019 |
| 23. | | | 49,000 | September 27, 2019 |
| 24. | | | 19,500 | August 28, 2019 |
| 25. | | | 29,500 | January 31, 2020 |
| TOTAL | | 6,41,000 | 5,16,000 | |

Security: The above facilities are secured by a first pari-passu charge on present and future receivables/ moveable property of TCFSL, administered through Vistra ITCL (India) Limited, as a security trustee for the lenders pursuant to security trustee agreement executed between the TCFSL, Vistra ITCL (India) Limited and the lenders.

*Book Overdraft represents Cheque Issued but not presented/cleared in TCFSL's various disbursement accounts.

** Amount as per IND AS for WC DL Rs 5,16,000 lakh

Amount as per IND AS for Cash Credit is Rs 1,22,501 lakh

2. Term Loans availed by TCFSL

(In ₹ lakh)

| S.No. | Bank/ Financial institution | Amount sanctioned* | Principal Amount outstanding as on June 30, 2019** | Repayment date / schedule | Security* | Prepayment provisions |
|-------|-----------------------------|--------------------|--|---|---|---|
| 1. | Allahabad Bank | 45,000 | 45,000 | To be repaid in 4 equal yearly installments starting at the end of the 12 th month from the date of disbursement for each tranche. Each yearly installment shall be of ₹ 15,000 lakh. The agreed dates of repayment are March 26, 2019, March 26, 2020, March 26, 2021 and March 26, 2022 | First <i>pari passu</i> charge on the current assets/receivables/ immovable property of TCFSL at 1.05 times. | NIL |
| 2. | Canara Bank | 30,000 | 30,000 | Shall be repaid by way of a bullet payment at the end of the tenor on August 16, 2019. | Hypothecation of all Loan Receivables/ Hire Purchase receivables/ lease rentals of TCFSL net of finance charges etc. excluding specific pools of such assets provided as exclusive security for term loans/ debentures etc. | Borrower agrees to pay commitment changes, as per policy of the Bank, in case of prepayment of credit facilities. |
| 3. | Canara Bank | 30,000 | 30,000 | Shall be repaid by way of a bullet payment at the end of the tenor on June 29, 2021. To be repaid in 4 equal installments after end of 9 th quarter as follows: September 29 2020 December 29 2020 March 29 2021 June 29 2021 | Hypothecation of all Loan Receivables/ Hire Purchase receivables/ lease rentals of TCFSL net of finance charges etc. excluding specific pools of such assets provided as exclusive security for term loans/ debentures etc. | NIL |
| 4. | Deutsche Bank | 40,000 | 40,000 | Shall be repaid at the end of the tenor as follows: June 18, 2021 – Rs. 10,000 lakh; | Secured by a first <i>pari-passu</i> charge on present and future receivables/ moveable property of TCFSL | No Prepayment allowed |

| | | | | | | |
|----|-------------------|----------|----------|---|--|---|
| | | | | July 19, 2021 – Rs. 10,000 lakh; December 10, 2021 – Rs. 12,500 lakh; December 16, 2021 – Rs. 7,500 lakh | | |
| 5. | HDFC Bank Limited | 1,00,000 | 1,00,000 | Equal principal repayment at the end of 12 th , 18 th , and 24 th months as follows: July 30, 2019; January 30, 2020; July 30, 2020 | <i>Pari passu</i> first charge on book debts on POS basis (principal outstanding) by means of hypothecation. | 2% of the overall amount |
| 6. | Karnataka Bank | 10,000 | 10,000 | Repayable in eight equal quarterly of ₹ 12,500 lakh after an initial holiday period of 11 months as follows: November 12 2019 February 12 2020 May 12, 2020 August 12, 2020 November 12, 2020 December 12, 2021 May 12, 2021 August 12, 2021 | First <i>pari passu</i> charge on the receivables of TCFSL (considered standard) at 1.05 times. | Nil |
| 7. | Syndicate Bank | 20,000 | 20,000 | Term Loan shall be paid in 12 quarterly installments post moratorium period of one year from date of drawdown as follows: December 12, 2019 March 12, 2020 June 12, 2020 September 12, 2020 December 12, 2020 March 12, 2021 June 12, 2021 September 12, 2021 December 12, 2021 March 12, 2022 June 12, 2022 September 12, 2022 | First <i>pari passu</i> charge on the receivables (standard assets only) of TCFSL (both present and future) at 1.11 times. | No prepayment penalty is prepaid after 30 days of advance notice. |
| 8. | Syndicate Bank | 50,000 | 50,000 | Term Loan shall be paid in 12 quarterly installments post moratorium period of one year from date of drawdown as follows: February 05, 2020 May 05, 2020 August 05, 2020 November 05, 2020 February 05, 2021 | First <i>pari passu</i> charge on the receivables (standard assets only) of TCFSL (both present and future) at 1.11 times. | No prepayment penalty if prepaid after 30 days of advance notice. |

| | | | | | | |
|-----|--|--------|--------|---|--|---|
| | | | | May 05, 2021 August 05, 2021 November 05, 2021 February 05, 2022 May 05, 2022 August 05, 2022 November 04, 2022 | | |
| 9. | Catholic Syrian Bank | 10,000 | 10,000 | Moratorium of 1 year and principal to be repaid in 2 annual installments of INR 50,00,00,000 each at the end of 24 th and 36 th month on the following dates: | Hypothecation on entire receivables (both present and future) on first and pari passu basis to be maintained at 1.10 times of the loan outstanding. | NIL |
| 10. | Union Bank of India | 30,000 | 30,000 | November 29, 2020; November 29, 2021 Bullet repayment at the end of the third year from the date of the first disbursement on December 10, 2021. | First pari passu charge on the standard receivables at 1.05 times | NIL |
| 11. | ICICI Bank Limited | 40,000 | 40,000 | Principal amount for each tranche to be repaid in bullet repayment at the end of the final maturity of each tranche. Final maturity to be a maximum period of 36 months from the date of each drawdown date on December 24, 2021. | First pari passu hypothecation of all receivables. Maintenance of security cover of 1.10 times. | 1% of the principal amount of the facility pre-paid and upon giving 15 days prior written notice. |
| 12. | Small Industries Development Bank of India | 60,000 | 60,000 | Repayable in 12 quarterly installments of INR 50,00,00,000 each, after a moratorium period of 6 months from the date of each disbursement commencing from the 10 th day of the month in which the moratorium period ends. The repayment schedule is as follows: December 10, 2019 March 10, 2020 June 10, 2020 September 10, 2020 December 10, 2020 March 10, 2021 June 10, 2021 September 10, 2021 December 10, 2021 | First pari passu charge by way of hypothecation of book debts and receivables of secured loans provided by TCFSL to MSME beneficiaries and which are standard assets in the books of TCFSL | Interest ranging from 1-3%, after obtaining prior approval of the lender. |

| | | |
|--------------|-----------------|--------------------|
| | | March 10, 2022 |
| | | June 10, 2022 |
| | | September 09, 2022 |
| TOTAL | 4,65,000 | 4,65,000 |

**Security created on the above facilities is administered by the TCFSL through Vistra ITCL (India) Limited, as a security trustee for the lenders pursuant to security trustee agreement executed between the TCFSL, Vistra ITCL (India) Limited and the lenders.*

*** Amount as per IND AS for Term Loans is Rs 4,64,931 lakh*

Penalty: The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to:

- (a) Penal interest shall be 2% in addition to the interest rates mentioned for all overdue/ delays of any monies payable (principal as well as interest).
- (b) TCFSL will submit monthly stock statement with a period of 21 days from the date of which it falls due for submission, failing which penal interest of 2% will be charged.
- (c) TCFSL should submit the periodical information like, security statements cum book debt statement etc from time to time failing which the lender will charge additional interest not exceeding 2% on the outstanding facility.
- (d) Penal interest of 2% on the outstanding liability shall be collected if the audited financial statements are not submitted before 31st October of every year or within a fortnight from the date of audit of the financial statements of TCFSL, whichever is earlier.
- (e) The right of the lender to capitalize the interest is in addition to the right of the bank to charge additional interest/penal interest at 2% or such other rate as may be stipulated by the bank from the date of default to the date of actual payment and will be treated as an advance secured by these presents.
- (f) In default of payment of any one/two installments of quarterly interest the lender is entitled to charge interest thereon, in addition to the charging penal interest at the rate of 2% p.a. from the date of default to the date of payment of such defaulted interest.

Rescheduling: None of the Loan Documents provide for the rescheduling provision.

Events of default: The facility documents executed by TCFSL stipulate certain events as "Events of Default", pursuant to which TCFSL may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

- (a) Any of the installment amount referred to herein above being unpaid on the due date for payment thereof.
- (b) Any representation and/or the statements made by TCFSL in the application being found to be incorrect and/or TCFSL committing any breach or default in the performance or observance of any terms, conditions or provisions contained in the said application and/or the letter of sanction.
- (c) TCFSL entering into any arrangement or composition with TCFSL's creditors or committing any act the consequence of which may lead to TCFSL being ordered to be wound up.
- (d) Any process being issued against TCFSL for execution of a decree and/or for attachment before judgment resulting in any of the property belonging to and/or under the control of TCFSL being attached.
- (e) Any order being made or a resolution being passed for the winding up of TCFSL.
- (f) A receiver being appointed of the entire properties or any part thereof belonging to or under the control of TCFSL.
- (g) TCFSL ceasing or threatening to cease to carry on business or giving or threatening to give notice of TCFSL's intention to do so.

- (h) A firm of accountants appointed by the lender certifying that the liabilities of TCFSL exceed the assets owned and/or under the control of TCFSL and/or that TCFSL is carrying on business in loss.
- (i) The occurrence of any event or circumstances which would or is likely to prejudicially or adversely affect in any manner the capacity of TCFSL to either repay the said advance or to carry out the said proposal.
- (j) Failure of the Borrower to pay on the due date upon which any amount is due and payable whether by way of interest, principal or any other sum stated as payable under this facility.
- (k) If the borrower commits any breach of or omit to observe any of its covenants, obligations or undertakings under the term loan and in case of any such breach or omission capable of being remedied, such breach or omission is not remedied within 30 days.
- (l) If any representation or warranty made by TCFSL is incorrect.
- (m) If any other borrowings of TCFSL are not paid when due or is likely to become prematurely payable or capable of being prematurely declared payable or if steps are taken to enforce any security for such indebtedness.
- (n) TCFSL becomes insolvent.
- (o) Any material change takes place which in the opinion of the lender in the projected and actual cash flows, financial condition, results of operation or business of TCFSL.
- (p) Control of TCFSL's voting share capital or Board of Directors significantly changes as a result of a takeover, or merger of, or transfer of shares in or issue or sale of shares by the Borrower without prior intimation to the Bank.
- (q) It becomes impossible or unlawful for the lender to make, maintain or fund the facility as contemplated or any of the conditions stated by TCFSL ceases to be valid, legal and binding and enforceable.

3. *Secured Non-Convertible Debentures*

- 3.1 TCFSL has issued on private placement basis, secured, redeemable, non-convertible debentures of face value ₹ 10,00,000/- each under various series of which face value ₹ 11,15,500 lakh is cumulatively outstanding as on June 30, 2019, the details of which are set forth below:*

| S.No. | Debenture Series | Tenor/ period (days) | Coupon (p.a.) in % | Principal Outstanding Amount (in ₹ lakh)** | Date of Allotment | Redemption Date | Latest Credit Rating |
|-------|------------------------------------|----------------------------|-----------------------|---|----------------------|--------------------|-------------------------|
| 1. | TCFSL NCD 'AH' FY 2012-13 | 3652 | 9.85% | 5,000 | 5-Sep-12 | 5-Sep-22 | ICRA AAA |
| 2. | TCFSL NCD C FY 2014-15 - Option-II | 1826 | 9.61% | 3,500 | 9-Jul-14 | 9-Jul-19 | ICRA AAA |
| 3. | TCFSL NCD AA FY 2014-15 | 3653 | 9.36% | 9,500 | 20-Nov-14 | 20-Nov-24 | CRISIL AAA CARE AAA |
| 4. | TCFSL NCD AF FY 2014-15-Option-I | 3651 | 9.22% | 7,500 | 8-Dec-14 | 6-Dec-24 | CRISIL AAA |
| 5. | TCFSL NCD "E" FY 2015-16 | 1827 | 8.88% | 33,000 | 5-May-15 | 5-May-20 | CRISIL AAA |
| 6. | TCFSL NCD "X" FY 2015-16 | 1827 | 8.65% | 1,000 | 16-Dec-15 | 16-Dec-20 | ICRA AAA CARE AAA |
| 7. | TCFSL NCD "AA" FY 2015-16 | 1826 | 8.75% | 700 | 16-Mar-16 | 16-Mar-21 | ICRA AAA CARE AAA |
| 8. | TCFSL NCD "AB" FY 2015-16 | 1824 | 8.80% | 1,000 | 21-Mar-16 | 19-Mar-21 | ICRA AAA CARE AAA |
| 9. | TCFSL NCD 'G' FY 2016-17 | 1824 | 8.70% | 5,000 | 30-May-16 | 28-May-21 | CRISIL AAA |

| S.No. | Debenture Series | Tenor/ period (days) | Coupon (p.a.) in % | Principal Outstanding Amount (in ₹lakh)** | Date of Allotment | Redemption Date | Latest Credit Rating |
|-------|---|----------------------------|-----------------------|--|----------------------|--------------------|-------------------------|
| 10. | TCFSL NCD "I" FY 2016-17 Option II | 1291 | 8.7233% | 1,300 | 10-Jun-16 | 23-Dec-19 | CRISIL AAA |
| 11. | TCFSL NCD "N" FY 2016-17 | 1095 | 8.8150% | 20,000 | 12-Jul-16 | 12-Jul-19 | CRISIL AAA |
| 12. | TCFSL NCD "O" FY 2016-17 | 1095 | 8.66% | 2,500 | 19-Jul-16 | 19-Jul-19 | CRISIL AAA |
| 13. | TCFSL NCD "P" FY 2016-17 | 1095 | 8.6150% | 1,000 | 29-Jul-16 | 29-Jul-19 | CRISIL AAA |
| 14. | TCFSL NCD "T" FY 2016-17 | 1093 | 8.20% | 2,500 | 25-Aug-16 | 23-Aug-19 | CRISIL AAA |
| 15. | TCFSL NCD "U" FY 2016-17 | 1405 | 8.25% | 1,500 | 26-Aug-16 | 1-Jul-20 | CRISIL AAA |
| 16. | TCFSL NCD "V" FY 2016-17 - Option II | 1094 | 8.16% | 2,500 | 31-Aug-16 | 30-Aug-19 | CRISIL AAA |
| 17. | TCFSL NCD "AC" FY 2016-17 | 1093 | 7.85% | 3,500 | 27-Oct-16 | 25-Oct-19 | ICRA AAA |
| 18. | TCFSL NCD "AD" FY 2016-17 | 1125 | 8.10% | 2,300 | 10-Nov-16 | 10-Dec-19 | ICRA AAA |
| 19. | TCFSL NCD "AE" FY 2016-17 | 1125 | 8.10% | 7,500 | 16-Nov-16 | 16-Dec-19 | ICRA AAA |
| 20. | TCFSL NCD "AG" FY 2016-17 | 1826 | 7.58% | 27,200 | 28-Dec-16 | 28-Dec-21 | CRISIL AAA |
| 21. | TCFSL NCD "AJ" FY 2016-17 | 1094 | 7.85% | 2,500 | 1-Mar-17 | 28-Feb-20 | ICRA AAA |
| 22. | TCFSL NCD "AL" FY 2016-17 | 1826 | 7.91% | 4,000 | 31-Mar-17 | 31-Mar-22 | ICRA AAA CARE AAA |
| 23. | TCFSL NCD "D" FY 2017-18 | 1096 | 7.87% | 101,500 | 9-Jun-17 | 9-Jun-20 | ICRA AAA |
| 24. | TCFSL NCD "E" FY 2017-18 | 1127 | 7.75% | 5,000 | 6-Jul-17 | 6-Aug-20 | ICRA AAA |
| 25. | TCFSL NCD "F" FY 2017-18 | 730 | 7.70% | 10,000 | 10-Jul-17 | 10-Jul-19 | ICRA AAA |
| 26. | TCFSL NCD "G" FY 2017-18 | 1094 | 7.70% | 2,500 | 12-Jul-17 | 10-Jul-20 | ICRA AAA |
| 27. | TCFSL NCD "H" FY 2017-18 | 730 | 7.67% | 50,000 | 18-Jul-17 | 18-Jul-19 | ICRA AAA |
| 28. | TCFSL NCD "I" FY 2017-18 | 1684 | 7.70% | 7,500 | 20-Jul-17 | 28-Feb-22 | ICRA AAA |
| 29. | TCFSL NCD "J" FY 2017-18 | 730 | 7.60% | 55,000 | 7-Aug-17 | 7-Aug-19 | ICRA AAA |
| 30. | TCFSL NCD "J" FY 2017-18 | 705 | 7.60% | 24,780 | 1-Sep-17 | 7-Aug-19 | ICRA AAA |
| 31. | TCFSL NCD "K" FY 2017-18 | 1612 | 7.69% | 7,500 | 16-Aug-17 | 14-Jan-22 | ICRA AAA |
| 32. | TCFSL NCD "L" FY 2017-18 | 728 | 7.50% | 20,000 | 29-Sep-17 | 27-Sep-19 | ICRA AAA |
| 33. | TCFSL NCD "O" FY 2017-18 | 1106 | ZCB | 7,500 | 12-Jan-18 | 22-Jan-21 | ICRA AAA |
| 34. | TCFSL NCD "P" FY 2017-18 | 1824 | 8.25% | 4,800 | 22-Jan-18 | 20-Jan-23 | ICRA AAA CARE AAA |
| 35. | TCFSL NCD "Q" FY 2017-18 | 730 | 8.20% | 70,000 | 24-Jan-18 | 24-Jan-20 | ICRA AAA |
| 36. | TCFSL NCD "A" FY 2018-19 | 457 | 9.0661% | 54,000 | 19-Jun-18 | 19-Sep-19 | ICRA AAA |
| 37. | TCFSL NCD "B" FY 2018-19 | 546 | 8.98% | 18,500 | 29-Jun-18 | 27-Dec-19 | ICRA AAA |
| 38. | TCFSL NCD "B" FY | 540 | 8.98% | | 05-Jul-18 | 27-Dec-19 | ICRA AAA |

| S.No. | Debenture Series | Tenor/ period (days) | Coupon (p.a.) in % | Principal Outstanding Amount (in ₹lakh)** | Date of Allotment | Redemption Date | Latest Credit Rating |
|-------|--|----------------------------|-----------------------|--|----------------------|--------------------|-------------------------|
| | 2018-19 | | | 18,000 | | | |
| 39. | TCFSL NCD "C" FY 2018-19 | 550 | 8.8820% | 39,500 | 19-Jul-18 | 20-Jan-20 | ICRA AAA |
| 40. | TCFSL NCD "D" FY 2018-19 | 1264 | 9.4756% | 11,200 | 22-Oct-18 | 08-Apr-22 | ICRA AAA |
| 41. | TCFSL NCD "E" FY 2018-19 | 1096 | ZCB | 32,620 | 26-Oct-18 | 26-Oct-21 | ICRA AAA CRISIL AAA |
| 42. | TCFSL NCD "F" FY 2018-19 | 480 | 9.2892% | 7,500 | 26-Nov-18 | 20-Mar-20 | ICRA AAA |
| 43. | TCFSL NCD "G" FY 2018-19 | 574 | ZCB | 13,000 | 30-Nov-18 | 26-Jun-20 | ICRA AAA |
| 44. | TCFSL NCD "C" FY 2018-19 | 410 | 8.8820% | 23,000 | 06-Dec-18 | 20-Jan-20 | ICRA AAA |
| 45. | TCFSL NCD "H" FY 2018-19-Option – I | 1826 | 9.25% | 19,400 | 19-Dec-18 | 19-Dec-23 | ICRA AAA CRISIL AAA |
| 46. | TCFSL NCD "H" FY 2018-19-Option – II | 3653 | 9.25% | 11,200 | 19-Dec-18 | 19-Dec-28 | ICRA AAA CRISIL AAA |
| 47. | TCFSL NCD "G" FY 2018-19 | 533 | ZCB | 3,000 | 10-Jan-19 | 26-Jun-20 | ICRA AAA |
| 48. | TCFSL NCD "D" FY 2018-19 | 1171 | 9.4756% | 4,850 | 23-Jan-19 | 08-Apr-22 | ICRA AAA |
| 49. | TCFSL NCD "G" FY 2018-19 | 520 | ZCB | 14,900 | 23-Jan-19 | 26-Jun-20 | ICRA AAA |
| 50. | TCFSL NCD "H" FY 2018-19-Option – I- Reissue No.I | 1811 | 9.25% | 9,750 | 03-Jan-19 | 19-Dec-23 | ICRA AAA CRISIL AAA |
| 51. | TCFSL NCD "H" FY 2018-19-Option – II Reissue No.I | 3638 | 9.25% | 2,300 | 03-Jan-19 | 19-Dec-28 | ICRA AAA CRISIL AAA |
| 52. | TCFSL NCD "I" FY 2018-19 | 1254 | ZCB | 4,000 | 03-Jan-19 | 10-Jun-22 | ICRA AAA |
| 53. | TCFSL NCD "J" FY 2018-19 | 732 | ZCB | 2,500 | 10-Jan-19 | 11-Jan-21 | ICRA AAA |
| 54. | TCFSL NCD "K" FY 2018-19-Option – I | 546 | 8.9449% | 37,600 | 16-Jan-19 | 15-Jul-20 | ICRA AAA |
| 55. | TCFSL NCD "K" FY 2018-19-Option – II | 429 | 8.8226% | 40,000 | 16-Jan-19 | 20-Mar-20 | ICRA AAA |
| 56. | TCFSL NCD "L" FY 2018-19 | 517 | 8.8271% | 35,000 | 29-Jan-19 | 29-Jun-20 | ICRA AAA |
| 57. | TCFSL NCD "H" FY 2018-19-Option – I Reissue No.II | 1768 | 9.25% | 3,000 | 15-Feb-19 | 19-Dec-23 | ICRA AAA CRISIL AAA |
| 58. | TCFSL NCD "H" FY 2018-19-Option – II Reissue No.II | 3595 | 9.25% | 5,500 | 15-Feb-19 | 19-Dec-28 | ICRA AAA CRISIL AAA |
| 59. | TCFSL NCD "M" FY 2018-19 | 1096 | 8.85% | 5,000 | 21-Feb-19 | 21-Feb-22 | ICRA AAA |
| 60. | TCFSL NCD "N"FY 2018-19 Option –I | 730 | 8.65% | 52,500 | 27-Mar-19 | 26-Mar-21 | ICRA AAA |
| 61. | TCFSL NCD "N"FY 2018-19 Option –II | 1094 | 8.71% | 28,250 | 27-Mar-19 | 25-Mar-22 | ICRA AAA |
| 62. | TCFSL NCD "G" FY 2017-18 Reissuance – 1 | 457 | 7.70% | 10,000 | 10-Apr-19 | 10-Jul-20 | ICRA AAA |
| 63. | TCFSL NCD "A"FY 2019-20 | 1096 | 8.45% | 5,000 | 25-Apr-19 | 25-Apr-22 | ICRA AAA |

| S.No. | Debenture Series | Tenor/ period (days) | Coupon (p.a.) in % | Principal Outstanding Amount (in ₹lakh)** | Date of Allotment | Redemption Date | Latest Credit Rating |
|--------------|--|----------------------------|-----------------------|--|----------------------|--------------------|-------------------------|
| 64. | TCFSL NCD "B"FY 2019-20 | 1149 | ZCB | 2,100 | 14-May- 19 | 06-Jul-22 | ICRA AAA |
| 65. | TCFSL NCD "C"FY 2019-20 | 462 | ZCB | 5,000 | 21-May- 19 | 25-Aug-20 | ICRA AAA |
| 66. | TCFSL NCD "D"FY 2019-20 | 1827 | 8.82% | 21,800 | 27-May- 19 | 27-May-24 | ICRA AAA CRISIL AAA |
| 67. | TCFSL NCD "E"FY 2019-20 option –I | 2052 | 8.67% | 3,000 | 04-Jun-19 | 15-Jan-25 | ICRA AAA CRISIL AAA |
| 68. | TCFSL NCD "E"FY 2019-20 option –II | 731 | 8.30% | 10,800 | 04-Jun-19 | 04-Jun-21 | ICRA AAA |
| 69. | TCFSL NCD "N"FY 2018-19 option -I Reissuance 1 | 661 | 8.65% | 15,000 | 04-Jun-19 | 26-Mar-21 | ICRA AAA |
| 70. | TCFSL NCD "F" FY 2019-20 OPTION – I | 3653 | 8.70% | 27,300 | 20-Jun-19 | 20-Jun-29 | ICRA AAA CRISIL AAA |
| 71. | TCFSL NCD "F" FY 2019-20 OPTION – II | 1827 | 8.65% | 8,850 | 20-Jun-19 | 20-Jun-24 | ICRA AAA CRISIL AAA |
| Total | | | | 11,15,500 | | | |

*Above debentures are fully secured by pari passu charge over the book receivables / book debts and a pari passu charge over identified immovable property.

- 3.2 TCFSL has issued on private placement basis, secured, redeemable, principal protected – market linked non-convertible debentures of face value ₹ 10,00,000 each under various series of which face value ₹ 87,320 lakh is cumulatively outstanding as on June 30, 2019, the details of which are set forth below:*

| S.No. | Debenture Series | Tenor/ period (days) | Coupon (p.a.) in % | Principal Outstanding Amount (in ₹lakh) ** | Date of Allotment | Redemption Date | Latest Credit Rating |
|-------|---|----------------------------|-----------------------|---|----------------------|--------------------|-------------------------|
| 1. | TCFSL Market Link NCD Tranche A 2018-19 – I | 534 | 8.45% | 14,480 | 27-Feb-19 | 14-Aug-20 | CRISIL PP- MLD AAAR |
| 2. | TCFSL Market Link NCD Tranche A 2018-19 – II | 777 | 8.55% | 11,750 | 27-Feb-19 | 14-Apr-21 | CRISIL PP- MLD AAAR |
| 3. | TCFSL Market Link NCD Tranche A 2018-19 – III | 1142 | 8.65% | 1,370 | 27-Feb-19 | 14-Apr-22 | CRISIL PP- MLD AAAR |
| 4. | TCFSL Market Link NCD Tranche A 2018-19 – I – Reissue – I | 521 | 8.45% | 1,020 | 12-Mar-19 | 14-Aug-20 | CRISIL PP- MLD AAAR |
| 5. | TCFSL Market Link NCD Tranche A 2018-19 – II – Reissue – I | 764 | 8.55% | 3,850 | 12-Mar-19 | 14-Apr-21 | CRISIL PP- MLD AAAR |
| 6. | TCFSL Market Link NCD Tranche A 2018-19 – III– Reissue – I | 1129 | 8.65% | 1,590 | 12-Mar-19 | 14-Apr-22 | CRISIL PP- MLD AAAR |
| 7. | TCFSL Market Link NCD B 2018-19 | 1356 | 8.55% | 25,000 | 20-Mar-19 | 05-Dec-22 | CRISIL PP- MLD AAAR |
| 8. | TCFSL Market Link NCD Tranche A 2018-19 – II | 505 | 8.45% | 3,400 | 28-Mar-19 | 14-Aug-20 | CRISIL PP- MLD AAAR |
| 9. | TCFSL Market Link NCD Tranche A | 747 | 8.55% | 2,600 | 29-Mar-19 | 14-Apr-21 | |

| S.No. | Debenture Series | Tenor/ period (days) | Coupon (p.a.) in % | Principal Outstanding Amount (in ₹ lakh) ** | Date of Allotment | Redemption Date | Latest Credit Rating |
|--------------|---|----------------------------|-----------------------|--|----------------------|--------------------|-------------------------|
| | 2018-19 – II – Reissue – II | | | | | | CRISIL PP- MLD AAAR |
| 10. | TCFSL Market Link NCD Tranche A 2018-19 – III | 498 | 8.45% | 1,000 | 04-Apr-19 | 14-Aug-20 | CRISIL PP- MLD AAAR |
| 11. | TCFSL Market Link NCD Tranche A 2018-19 – II – Reissue – III | 719 | 8.55% | 600 | 26-Apr-19 | 14-Apr-21 | CRISIL PP- MLD AAAR |
| 12. | TCFSL Market Link NCD Tranche A 2018-19 – III– Reissue – II | 1084 | 8.65% | 1,000 | 26-Apr-19 | 14-Apr-22 | CRISIL PP- MLD AAAR |
| 13. | TCFSL Market Link NCD Tranche A 2018-19 – IV | 472 | 8.45% | 4,910 | 30-Apr-19 | 14-Aug-20 | CRISIL PP- MLD AAAR |
| 14. | TCFSL Market Link NCD Tranche A 2018-19 – V | 457 | 8.45% | 2,500 | 15-May- 19 | 14-Aug-20 | CRISIL PP- MLD AAAR |
| 15. | TCFSL Market Link NCD Tranche A 2018-19 – VI | 444 | 8.45% | 5,250 | 28-May- 19 | 14-Aug-20 | CRISIL PP- MLD AAAR |
| 16. | TCFSL Market Link NCD Tranche A 2018-19 – II – Reissue – IV | 677 | 8.55% | 4,250 | 07-June- 19 | 14-Apr-21 | CRISIL PP- MLD AAAR |
| 17. | TCFSL Market Link NCD Tranche A 2018-19 – III– Reissue – III | 1042 | 8.65% | 1,750 | 07-June- 19 | 14-Apr-22 | CRISIL PP- MLD AAAR |
| 18. | TCFSL Market Link NCD Tranche A 2018-19 – II – Reissue – V | 656 | 8.55% | 1,000 | 28-June- 19 | 14-Apr-21 | CRISIL PP- MLD AAAR |
| Total | | | | 87,320 | | | |

Above debentures are fully secured by pari passu charge over the book receivables / book debts and a pari passu charge over identified immovable property.

**IND AS amount for privately placed secured non convertible debentures Rs. 12,03,022 lakh

3.3 TCFSL had made public issue of listed, secured, redeemable non-convertible debentures of face value ₹ 1,000 each under various series of which face value ₹ 3,00,200 lakh is cumulatively outstanding as on June 30, 2019:

| ISIN | Tenor/ period (years / days) | Coupon (p.a.) in % | Principal Outstanding Amount (in ₹ lakh) * | Date of Allotment | Redemption Date/ Schedule | Latest Credit Rating |
|--------------|---------------------------------------|-----------------------|---|----------------------|------------------------------|-------------------------|
| INE306N07KC8 | 3 years | 8.70% | 5,029 | 27-Sep-2018 | 27-Sep-2021 | CRISIL AAA, CARE AAA |
| INE306N07KD6 | 3 years | 8.80% | 1,41,777 | 27-Sep-2018 | 27-Sep-2021 | CRISIL AAA, CARE AAA |
| INE306N07KE4 | 5 years | 8.80% | 7,688 | 27-Sep-2018 | 27-Sep-2023 | CRISIL AAA, CARE AAA |
| INE306N07KF1 | 5 years | 8.90% | 1,45,707 | 27-Sep-2018 | 27-Sep-2023 | CRISIL AAA, CARE AAA |
| Total | | | 3,00,200 | | | |

*Amount as per IND AS for public placed secured non convertible debentures Rs. 2,96,184 lakh

B. Details of unsecured borrowings excluding CCCPS

TCFSL has ₹ 1,266,113 lakh unsecured borrowings excluding CCCPS as on June 30, 2019. The details of the individual borrowings are set out below:

1. Subordinated Debts – Private placement

- (a) TCFSL has issued on private placement basis, unsecured, redeemable, non-convertible debentures of face value ₹ 5,00,000 and ₹ 10,00,000 each under various series of which face value ₹ 2,20,545 lakh is cumulatively outstanding as on June 30, 2019, the details of which are set forth below:

| S. No. | Debenture Series | Tenor/ period (days) | Coupon (p.a.) in % | Principal Outstanding Amount (in ₹ lakh)** | Date of Allotment | Redemption Date | Latest Credit Rating |
|--------|---|----------------------------|--------------------------|---|-------------------|--------------------|----------------------------|
| 1. | TCFSL Tier II Bond A FY 2009-10 | 3652 | 10.50% | 3,910 | 4-Aug-09 | 4-Aug-19 | ICRA AAA CARE AAA |
| 2. | TCFSL Tier II Bond B FY 2009-10 | 3652 | 10.25% | 17,040 | 9-Sep-09 | 9-Sep-19 | ICRA AAA CARE AAA |
| 3. | TCFSL Tier II Bond C FY 2009-10* | 3652 | 10.25% | 7,395 | 28-Oct-09 | 28-Oct-19 | ICRA AAA CARE AAA |
| 4. | TCFSL Tier II Bond D FY 2009-10* | 3652 | 9.80% | 7,900 | 28-Oct-09 | 28-Oct-19 | ICRA AAA CARE AAA |
| 5. | TCFSL Tier II Bond 'F' FY 2009- 10* | 3652 | 10.25% | 5,675 | 30-Nov-09 | 30-Nov-19 | ICRA AAA CARE AAA |
| 6. | TCFSL Tier II Bond E FY 2009-10* | 3652 | 10.25% | 28,625 | 15-Dec-09 | 15-Dec-19 | ICRA AAA CARE AAA |
| 7. | TCFSL Tier II Bond G FY 2009-10* | 3652 | 9.80% | 15,000 | 18-Dec-09 | 18-Dec-19 | ICRA AAA CARE AAA |
| 8. | TCFSL Tier II Bond H FY 2009-10* | 3652 | 9.95% | 5,000 | 24-Dec-09 | 24-Dec-19 | ICRA AAA CARE AAA |
| 9. | TCFSL Tier-II Bond A FY 2014-15 | 3653 | 10.15% | 10,000 | 26-Sep-14 | 26-Sep-24 | CARE AAA CRISIL AAA |
| 10. | TCFSL Tier-II Bond B FY 2014-15 | 3653 | 9.35% | 3,500 | 7-Jan-15 | 7-Jan-25 | CARE AAA CRISIL AAA |
| 11. | TCFSL Tier-II Bond C FY | 3653 | 9.32% | 7,500 | 30-Jan-15 | 30-Jan-25 | CARE AAA CRISIL AAA |

| | | | | | | | |
|--------------|--|------|-------|----------------|------------|-----------|---------------------------|
| | 2014-15 | | | | | | |
| 12. | TCFSL Tier-II Bond "D" FY 2014-15 | 3653 | 9.37% | 20,000 | 31-Mar-15 | 31-Mar-25 | CARE AAA CRISIL AAA |
| 13. | TCFSL Tier-II Bond "A" FY 2015-16 | 3653 | 9.25% | 9,000 | 22-Jul-15 | 22-Jul-25 | CARE AAA CRISIL AAA |
| 14. | TCFSL Tier-II Bond "B" FY 2015-16 | 3652 | 9.17% | 20,000 | 30-Mar-16 | 30-Mar-26 | CRISIL AAA CARE AAA |
| 15. | TCFSL Tier-II Bond "A" FY 2016-17 | 3652 | 8.92% | 20,000 | 11-Aug-16 | 11-Aug-26 | CRISIL AAA CARE AAA |
| 16. | TCFSL Tier-II Bond "B" FY 2016-17 | 3652 | 8.45% | 1,500 | 26-Oct-16 | 26-Oct-26 | CRISIL AAA CARE AAA |
| 17. | TCFSL Tier-II Bond "A" FY 2018-19 | 3653 | 9.32% | 20,000 | 28-Dec-18 | 28-Dec-28 | ICRA AAA CRISIL AAA |
| 18. | TCFSL Tier-II Bond "A" FY 2019-20 | 3653 | 8.95% | 2,000 | 16-Apr-19 | 16-Apr-29 | CRISIL AAA CARE AAA |
| 19. | TCFSL Tier-II Bond "A" FY 2019-20 – Reissue No.I | 3595 | 8.95% | 6,500 | 13-June-19 | 16-Apr-29 | CRISIL AAA CARE AAA |
| 20. | TCFSL Tier-II Bond "A" FY 2019-20 – Reissue No.II | 3582 | 8.95% | 10,000 | 26-June-19 | 16-Apr-29 | ICRA AAA CRISIL AAA |
| Total | | | | 220,545 | | | |

**The face value of the non-convertible debentures issued under S.Nos. 3 to 8 is ₹5,00,000.*

(b) **Public Sub-Debt – NCD**

TCFSL has issued to the public, unsecured, redeemable, non-convertible subordinated debentures of face value ₹ 1,000 each under various series of which face value ₹ 37,140 lakh is cumulatively outstanding as on June 30, 2019, the details of which are set forth below:

| S. No. | ISIN | Tenor/ period (days) | Coupon (p.a.) in % | Principal Outstanding Amount (in ₹ lakh)** | Date of Allotment | Redemption Date | Latest Credit Rating |
|--------|--------------|----------------------------|--------------------------|---|-----------------------|-----------------------|----------------------------|
| 1 | INE306N08284 | 10 years | 9.00% | 2,955 | September 27, 2018 | September 27, 2028 | CRISIL AAA CARE AAA |
| 2 | INE306N08292 | 10 years | 9.10% | 34,185 | September 27, 2018 | September 27, 2028 | CRISIL AAA CARE AAA |
| Total | | | | 37,140 | | | |

**IND AS amount for subordinated unsecured non convertible debentures Rs. 2,57,023 lakh

2. **Loan from Directors and Relatives of Directors**

TCFSL does not have any borrowings from directors and relatives of directors as on June 30, 2019 which are in the nature of demand loans and are unsecured.

3. **Commercial Paper**

TCFSL has issued Commercial Paper aggregating to a total face value ₹ 5,99,000 lakh as on June 30, 2019. The details of the Commercial Paper are set forth below:

| S. No. | ISIN | Total amount outstanding as on June 30, 2019 (₹ in lakh)* | Maturity Date |
|--------|--------------|---|---------------------------------|
| 1. | INE306N14QG2 | 52,500 | 5 th July 2019 |
| 2. | INE306N14QE7 | 45,000 | 17 th July 2019 |
| 3. | INE306N14QH0 | 30,000 | 22 nd July 2019 |
| 4. | INE306N14QI8 | 20,000 | 26 th July 2019 |
| 5. | INE306N14QJ6 | 50,000 | 29 th July 2019 |
| 6. | INE306N14QK4 | 40,000 | 6 th August 2019 |
| 7. | INE306N14QO6 | 5,000 | 20 th August 2019 |
| 8. | INE306N14QP3 | 50,000 | 23 rd August 2019 |
| 9. | INE306N14QM0 | 50,000 | 11 th September 2019 |
| 10. | INE306N14QR9 | 50,000 | 24 th September 2019 |
| 11. | INE306N14QS7 | 50,000 | 25 th September 2019 |
| 12. | INE306N14PW1 | 6,500 | 5 th December 2019 |
| 13. | INE306N14PL4 | 50,000 | 6 th December 2019 |
| 14. | INE306N14PN0 | 50,000 | 13 th December 2019 |
| 15. | INE306N14QF4 | 3,500 | 26 th February 2020 |
| 16. | INE306N14QA5 | 7,500 | 13 th March 2020 |
| 17. | INE306N14QL2 | 19,000 | 10 th June 2019 |
| 18. | INE306N14QN8 | 5,000 | 19 th June 2020 |
| 19. | INE306N14QQ1 | 15,000 | 26 th June 2019 |
| TOTAL | | 5,99,000 | |

*IND AS amount for Commercial Papers Rs. 5,87,837 lakh

4. WCDL Facilities

| S. No. | Bank | Amount sanctioned (₹ in lakh) | Principal amount outstanding as on June 30, 2019 (₹ in lakh)* | Repayment date / schedule |
|--------|---------------|----------------------------------|--|---------------------------|
| 1. | Bank of India | 50,000 | 20,000 | Bullet on July 23, 2019 |
| | TOTAL | 50,000 | 20,000 | |

*IND AS amount for WCDL Facilities Rs. 20,000 lakh

5. Unsecured Short Term Loans

| S.N | Bank/Financial Institution | Amount sanctioned (₹ in lakh) | Principal amount outstanding as on June 30, 2019 (₹ in lakh)* | Repayment date / schedule | Prepayment Provision |
|-----|----------------------------|----------------------------------|---|---|---|
| 1. | HDFC Bank | 40,000 | 40,000 | Repayable in 3 equal half yearly instalments of ₹ 133.33 Cr each – March 19, 2020 September 19, 2020 March 19, 2021 | |
| 2. | HDFC Bank | 60,000 | 60,000 | Repayable in 3 equal half yearly instalments of ₹ 200 Cr each – July 31, 2019 January 31, 2020 July 31, 2020 | 2% in case facility is repaid within 15 days, else NIL. |
| 3. | HDFC Bank | 25,000 | 25,000 | Bullet repayment on August 29, 2019 | 2% in case facility is repaid within 15 days, else NIL. |
| 4. | HDFC Bank | 40,000 | 40,000 | Bullet repayment on September 6, 2019 | 2% in case facility is repaid within 15 days, else NIL. |
| 5. | Bank of Baroda (Dena Bank) | 40,000 | 39,942 | Bullet repayment on July 26, 2019 | NIL |
| 6. | HDFC Bank | 70,000 | 70,000 | Bullet on October 23, 2019 | |
| | Total | 2,75,000 | 2,74,942 | | |

*IND AS amount for Unsecured Short Term Loans Rs. 2,74,972 lakh

Penalty: The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to:

- Penal interest shall be 2% in addition to the interest rates mentioned for all overdue/ delays of any monies payable (principal as well as interest).
- TCFSL will submit monthly stock statement with a period of 21 days from the date of which it falls due for submission, failing which penal interest of 2% will be charged.
- TCFSL should submit the periodical information like, Security Statements cum Book Debt Statement etc from time to time, failing which the bank will charge additional interest not exceeding 2% on the outstanding facility.
- Penal interest of 2% on the outstanding liability shall be collected if the audited financial statement is not submitted before 31st October of every year or within a fortnight from the date of audit of financial accounts of TCFSL whichever is earlier.

Rescheduling: None of the Loan Documents provide for the rescheduling provision.

Events of default: The facility documents executed by TCFSL stipulate certain events as "Events of Default", pursuant to which TCFSL may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include, but are not limited to:

- (a) Any of the installment amount referred to herein above being unpaid on the due date for payment thereof.
- (b) Any representation and/or the statements made by TCFSL in the application being found to be incorrect and/or TCFSL committing any breach or default in the performance or observance of any terms, conditions or provisions contained in the said application and/or the letter of sanction.
- (c) TCFSL entering into any arrangement or composition TCFSL's creditors or committing any act the consequence of which may lead to TCFSL being ordered to be wound up.
- (d) Any process being issued against TCFSL for execution of a decree and/or for attachment before judgment resulting in any of the property belonging to and/or under the control of TCFSL being attached.
- (e) Any order being made or a resolution being passed for the winding up of TCFSL.
- (f) A receiver being appointed of the entire properties or any part thereof belonging to or under the control of TCFSL.
- (g) TCFSL ceasing or threatening to cease to carry on business or giving or threatening to give notice of TCFSL's intention to do so.
- (h) A firm of accountants appointed by the lender certifying that the liabilities of TCFSL exceed the assets owned and/or under the control of TCFSL and/or that TCFSL is carrying on business in loss.
- (i) The occurrence of any event or circumstances which would or is likely to prejudicially or adversely affect in any manner the capacity of TCFSL to either repay the said advance or to carry out the said proposal.
- (j) Failure of the Borrower to pay on the due date upon which any amount is due and payable whether by way of interest, principal or any other sum stated as payable under this facility.
- (k) If the borrower commits any breach of or omit to observe any of its covenants, obligations or undertakings under the term loan and in case of any such breach or omission capable of being remedied, such breach or omission is not remedied within 30 days.
- (l) If any representation or warranty made by TCFSL is incorrect.
- (m) If any other borrowings of TCFSL are not paid when due or is likely to become prematurely payable or capable of being prematurely declared payable or if steps are taken to enforce any security for such indebtedness.
- (n) TCFSL becomes insolvent.
- (o) Any material change takes place which in the opinion of the lender in the projected and actual cash flows, financial condition, results of operation or business of TCFSL.
- (p) Control of TCFSL's voting share capital or Board of Directors significantly changes as a result of a takeover, or merger of, or transfer of shares in or issue or sale of shares by the Borrower without prior intimation to the Bank.
- (q) It becomes impossible or unlawful for the lender to make, maintain or fund the facility as contemplated or any of the conditions stated by TCFSL ceases to be valid, legal and binding and enforceable.

6. Unsecured Non-Convertible Debentures

6.1. TCFSL has issued on private placement basis, unsecured, redeemable, non-convertible debentures of face value ₹ 10,00,000 each under various series of which face value ₹ 11,800 lakh is cumulatively outstanding as on June 30, 2019, the details of which are set forth below:

| S. No. | Debenture Series | Tenor/period (days) | Coupon (p.a.) in % | Outstanding Amount (in ₹ lakh)* | Date of Allotment | Redemption Date | Latest Credit Rating |
|--------------|---|---------------------|--------------------|---------------------------------|-------------------|-----------------|------------------------|
| 1. | TCFSL UNSECURED NCD "A" FY 2018-19_Partially Paid | 5477 | 8.93% | 11,800 | 19-Mar-19 | 17-Mar-34 | CRISIL AAA CARE AAA |
| Total | | | | 11,800 | | | |

*IND AS amount for Unsecured Non-Convertible Debentures Rs. 11,715 lakh

6.2. TCFSL has issued on private placement basis, perpetual, unsecured, redeemable, non-convertible debentures of face value ₹ 5,00,000 and ₹ 10,00,000 each under various series of which face value ₹ 91,800 lakh is cumulatively outstanding as on June 30, 2019, the details of which are set forth below:

| S. No. | Debenture Series | Tenor/period (days) | Coupon (p.a.) in % | Principal Outstanding Amount (in ₹ lakh)** | Date of Allotment | Call/Maturity Date | Latest Credit Rating |
|--------|--------------------------------|---------------------|--------------------|--|-------------------|--------------------|------------------------|
| 1. | TCFSL Perpetual A FY 2010-11* | 3653 | 10.00 % | 75 | 15-Nov-10 | 15-Nov-20 | CRISIL AA+ CARE AA+ |
| 2. | TCFSL Perpetual B FY 2010-11* | 3653 | 10.00 % | 90 | 14-Jan-11 | 14-Jan-21 | CRISIL AA+ CARE AA+ |
| 3. | TCFSL Perpetual A FY 2011-12* | 3653 | 10.00 % | 100 | 5-May-11 | 5-May-21 | CRISIL AA+ CARE AA+ |
| 4. | TCFSL Perpetual B FY 2011-12* | 3653 | 11.25 % | 305 | 8-Aug-11 | 8-Aug-21 | CRISIL AA+ CARE AA+ |
| 5. | TCFSL Perpetual C FY 2011-12* | 3653 | 10.75 % | 50 | 28-Sep-11 | 28-Sep-21 | CRISIL AA+ CARE AA+ |
| 6. | TCFSL Perpetual D FY 2011-12* | 3653 | 10.75 % | 25 | 7-Nov-11 | 7-Nov-21 | CRISIL AA+ CARE AA+ |
| 7. | TCFSL Perpetual A FY 2013-14* | 3653 | 10.95 % | 9,355 | 27-Mar-14 | 27-Mar-24 | ICRA AA+ CARE AA+ |
| 8. | TCFSL Perpetual 'A' FY 2015-16 | 3653 | 9.99 % | 10,000 | 16-Jul-15 | 16-Jul-25 | ICRA AA+ CARE AA+ |
| 9. | TCFSL Perpetual 'B' FY 2015-16 | 3653 | 9.86 % | 5,000 | 6-Jan-16 | 6-Jan-26 | CARE AA+ ICRA AA+ |
| 10. | TCFSL Perpetual 'C' FY 2015-16 | 3653 | 9.86 % | 5,000 | 2-Feb-16 | 2-Feb-26 | CARE AA+ ICRA AA+ |
| 11. | TCFSL Perpetual 'D' FY 2015-16 | 3653 | 9.86 % | 10,000 | 9-Feb-16 | 9-Feb-26 | ICRA AA+ CARE AA+ |
| 12. | TCFSL Perpetual 'E' FY 2015-16 | 3652 | 9.80 % | 10,000 | 23-Mar-16 | 23-Mar-26 | ICRA AA+ CARE AA+ |
| 13. | TCFSL Perpetual 'A' FY 2016-17 | 3652 | 9.80 % | 5,000 | 30-Jun-16 | 30-Jun-26 | ICRA AA+ CARE AA+ |
| 14. | TCFSL Perpetual B FY 2016-17 | 3652 | 9.00 % | 1,000 | 13-Jan-17 | 13-Jan-27 | ICRA AA+ CARE AA+ |
| 15. | TCFSL Perpetual C FY 2016-17 | 3652 | 9.05 % | 4,000 | 8-Mar-17 | 8-Mar-27 | ICRA AA+ CARE AA+ |

| S. No. | Debenture Series | Tenor/ period (days) | Cou pon (p.a.) in % | Principal Outstandi ng Amount (in ₹ lakh)** | Date of Allotment | Call/Maturity Date | Latest Credit Rating |
|--------------|-----------------------------------|----------------------------|------------------------------|--|----------------------|-----------------------|------------------------|
| 16. | TCFSL Perpetual A FY 2017-18 | 3652 | 9.05 % | 5,000 | 21-Jun-17 | 21-Jun-27 | CRISIL AA+ ICRA AA+ |
| 17. | TCFSL Perpetual B FY 2017-18 | 3652 | 8.77 % | 5,000 | 14-Jul-17 | 14-Jul-27 | CRISIL AA+ ICRA AA+ |
| 18. | TCFSL Perpetual 'C' FY 2017-18 | 3652 | 8.61 % | 9,300 | 11-Sep-17 | 11-Sep-27 | CRISIL AA+ ICRA AA+ |
| 19. | TCFSL Perpetual 'D' FY 2017-18 | 3651 | 8.90 % | 12,500 | 26-Mar-18 | 24-Mar-28 | CRISIL AA+ ICRA AA+ |
| Total | | | | 91,800 | | | |

*The face value of the non-convertible debentures issued under S.Nos. 1 to 7 is ₹5,00,000.

**IND AS amount for private placement of perpetual, unsecured, redeemable, non-convertible debentures *Unsecured Non-Convertible Debentures Rs. 91,400 lakh*

C. Details of any inter-corporate loans, deposits and other borrowings

TCFSL's inter-corporate loans, deposits and other borrowings as on June 30, 2019 amount to ₹ 10,886 lakh. The details of the individual borrowings are set out below:

| S. No. | Name of Lender | Date of drawdown | Amount sanctioned | Total amount outstanding as on June 30 2019 (in ₹ lakh)* | Date of maturity |
|--------------|-------------------|------------------|-------------------|---|------------------|
| 1. | Tata Capital Ltd. | June 13, 2019 | 4,000 | 67 | June 11, 2020 |
| 2. | Tata Capital Ltd. | June 26, 2019 | 19,650 | 5,533 | June 15, 2020 |
| 3. | Tata Capital Ltd. | June 18, 2019 | 76 | 76 | June 16, 2020 |
| 4. | Tata Capital Ltd. | June 26, 2019 | 210 | 210 | June 24, 2020 |
| 5. | Tata Capital Ltd. | June 28, 2019 | 5000 | 5000 | June 26, 2020 |
| TOTAL | | | 28,936 | 10,886 | |

*IND AS amount for inter-corporate loans, deposits and other borrowings Rs. 10,886 lakh

D. Details of Compulsorily Convertible Cumulative Preference Shares

| No. of Preference Shares | Face value (₹) | Issue price (₹) | Nature consideration | of Preference Share Capital (in Rs lakh)* |
|--------------------------|----------------|-----------------|-------------------------|---|
| 1,88,90,00,000 | 10 | 10 | Cash | 1,88,900 |

*Amount as per IND AS is Rs. 1,88,900 lakh.

E. Servicing behaviour on existing debt securities, payment of due interest on due dates on financing facilities or securities

In the past 5 years preceding the date of this Tranche II Prospectus, there has been no delay and /or default in servicing of debt/interest or in payment of principal or interest on any financing facilities or term loan or debt security including corporate guarantee issued by TCFSL in the past.

F. The amount of corporate guarantee issued by the Issuer alongwith the name of the Counter party on behalf of whom it has been issued

TCFSL has not issued any corporate guarantee.

G. Details of any outstanding borrowings taken/ debt securities issued where taken/ issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on June 30, 2019

TCFSL has Nil outstanding borrowings taken / debt securities issued where taken / issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on June 30, 2019.

H. Details of rest of borrowings if any, including hybrid debt instruments such as foreign currency convertible bonds or convertible debentures as on June 30, 2019

TCFSL does not have any other borrowings including hybrid debt instruments, such as foreign currency convertible bonds or convertible debentures, as on June 30, 2019.

I. Restrictive covenants under our financing arrangements

TCFSL requires the prior written consent of lenders to undertake the following actions:

1. to effect any change in its capital structure;
2. to formulate any scheme of amalgamation or reconstruction;
3. to undertake any new project or expansion scheme, unless the expenditure on such expansion is covered by TCFSL's net cash accruals after providing for debt servicing or from long term funds received for financing such new projects or expansion;
4. to invest by way of share capital in or lend or advance funds to or place deposits with any other concern;
5. to enter into borrowing arrangements, either secured or unsecured, with any other bank, financial institution, company or otherwise;
6. to undertake guarantee obligations on behalf of any other company, firm or person;
7. to create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons apart from the arrangement indicated in the funds flow statements submitted to the lenders from time to time and approved by the lenders.

All disclosures made in this Tranche II Prospectus, read together with the Shelf Prospectus as the "Prospectus" with respect to this Tranche II Issue are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed Tranche II Issue. The Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes the Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section has been obtained or derived from the report on “Retail – NBFC Credit Trends April 2019” by ICRA (the “ICRA Report”) as well as other industry sources and government publications. All information contained in the ICRA Report has been obtained by ICRA from sources believed by them to be accurate and reliable. Although reasonable care has been taken by ICRA to ensure that the information in the ICRA Report is true, such information is provided ‘as is’ without any warranty of any kind, and ICRA in particular, make no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion. None of the Company, the Lead Managers and any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. The information in this section must be read in conjunction with “Risk Factors” and “Our Business” on pages 11 and 64, respectively of the Shelf Prospectus and on pages 23 and 31, respectively of Tranche II Prospectus.

The ICRA Report contains the following disclaimer:

“All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided ‘as is’ without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions presented in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.”

OVERVIEW OF ECONOMY

Global Economy

Global Growth remains subdued and is forecasted at 3.2% in 2019, picking up to 3.5 % in 2020. GDP releases so far this year, together with generally softening inflation, point to weaker-than anticipated global activity. Since the April, the United States further increased tariffs on certain Chinese imports and China retaliated by raising tariffs on a subset of US imports. Additional escalation was averted following the June G20 summit. Global technology supply chains were threatened by the prospect of US sanctions, Brexit related uncertainty continued, and rising geopolitical tensions roiled energy prices. Investment and demand for consumer durables have been subdued across advanced and emerging market economies as firms and households continue to hold back on long-term spending. Accordingly, global trade, which is intensive in machinery and consumer durables, remains sluggish. The projected growth pickup in 2020 is precarious, presuming stabilization in currently stressed emerging market and developing economies and progress toward resolving trade policy differences.

(Source - <https://www.imf.org/en/Publications/WEO/Issues/2019/07/18/WEUpdateJuly2019>)

Risks to the forecast are mainly to the downside. They include further trade and technology tensions that dent sentiment and slow investment; a protracted increase in risk aversion that exposes the financial vulnerabilities continuing to accumulate after years of low interest rates; and mounting disinflationary pressures that increase debt service difficulties, constrain monetary policy space to counter downturns, and make adverse shocks more persistent than normal

Against a difficult backdrop that included intensified US-China trade and technology tensions as well as prolonged uncertainty on Brexit, momentum in global activity remained soft in the first half of 2019. There were positive surprises to

growth in advanced economies, but weaker-than-expected activity in emerging market and developing economies. Growth was better than expected in the United States and Japan, and one-off factors that had hurt growth in the euro area in 2018 (notably, adjustments to new auto emissions standards) appeared to fade as anticipated. Among emerging market and developing economies, first quarter GDP in China was stronger than forecast, but indicators for the second quarter suggest a weakening of activity. Elsewhere in emerging Asia, as well as in Latin America, activity has disappointed.

With subdued final demand and muted inflation, accommodative monetary policy is appropriate in advanced economies and in emerging market and developing economies where expectations are anchored. Fiscal policy should balance multiple objectives: smoothing demand as needed, protecting the vulnerable, bolstering growth potential with spending that supports structural reforms, and ensuring sustainable public finances over the medium term. If growth weakens relative to the baseline, macroeconomic policies will need to turn more accommodative, depending on country circumstances. Priorities across all economies are to enhance inclusion, strengthen resilience, and address constraints on potential output growth.

(Source - <https://www.imf.org/en/Publications/WEO/Issues/2019/07/18/WEUpdateJuly2019>)

Global Growth Outlook

Global growth is projected at 3.2 percent for 2019, improving to 3.5 percent in 2020 (0.1 percentage point lower for both years than in the April 2019 WEO forecast). On the trade front, the forecast reflects the May 2019 increase of US tariffs on \$200 billion of Chinese exports from 10 percent to 25 percent, and retaliation by China. The downgrades to the growth forecast for China and emerging Asia are broadly consistent with the simulated impact of intensifying trade tensions and associated confidence effects

The projected pickup in global growth in 2020 relies importantly on several factors: (1) financial market sentiment staying generally supportive; (2) continued fading of temporary drags, notably in the euro area; (3) stabilization in some stressed emerging market economies, such as Argentina and Turkey; and (4) avoiding even sharper collapses in others, such as Iran and Venezuela. About 70 percent of the increase in the global growth forecast for 2020 relative to 2019 is accounted for by projected stabilization or recovery in stressed economies. In turn, these factors rely on a conducive global policy backdrop that ensures the dovish tilt of central banks and the buildup of policy stimulus in China are not blunted by escalating trade tensions or a disorderly Brexit.

For advanced economies, growth is projected at 1.9 percent in 2019 and 1.7 percent in 2020. The 2019 projection is 0.1 percentage point higher than in April, mostly reflecting an upward revision for the United States. The emerging market and developing economy group is expected to grow at 4.1 percent in 2019, rising to 4.7 percent in 2020. The forecasts for 2019 and 2020 are 0.3 and 0.1 percentage point lower, respectively, than in April, reflecting downward revisions in all major regions

(Source - <https://www.imf.org/en/Publications/WEO/Issues/2019/07/18/WEUpdateJuly2019>)

Overview of the World Economic Outlook Projections

Table 1. Overview of the World Economic Outlook Projections
(Percent change, unless noted otherwise)

| | Year over Year | | | | | | Q4 over Q4 2/ | | |
|---|----------------|------------|-------------|------------|--|-------------|---------------|-------------|------------|
| | 2017 | 2018 | Projections | | Difference from April 2019 WEO Projections 1/ | | 2018 | Projections | |
| | | | 2019 | 2020 | 2019 | 2020 | | 2019 | 2020 |
| World Output | 3.8 | 3.6 | 3.2 | 3.5 | -0.1 | -0.1 | 3.3 | 3.4 | 3.5 |
| Advanced Economies | 2.4 | 2.2 | 1.9 | 1.7 | 0.1 | 0.0 | 2.0 | 1.8 | 1.8 |
| United States | 2.2 | 2.9 | 2.6 | 1.9 | 0.3 | 0.0 | 3.0 | 2.3 | 1.9 |
| Euro Area | 2.4 | 1.9 | 1.3 | 1.6 | 0.0 | 0.1 | 1.2 | 1.6 | 1.5 |
| Germany 3/ | 2.2 | 1.4 | 0.7 | 1.7 | -0.1 | 0.3 | 0.6 | 1.2 | 1.2 |
| France | 2.3 | 1.7 | 1.3 | 1.4 | 0.0 | 0.0 | 1.2 | 1.3 | 1.4 |
| Italy | 1.7 | 0.9 | 0.1 | 0.8 | 0.0 | -0.1 | 0.0 | 0.5 | 0.9 |
| Spain | 3.0 | 2.6 | 2.3 | 1.9 | 0.2 | 0.0 | 2.3 | 2.1 | 1.9 |
| Japan | 1.9 | 0.8 | 0.9 | 0.4 | -0.1 | -0.1 | 0.3 | 0.2 | 1.4 |
| United Kingdom | 1.8 | 1.4 | 1.3 | 1.4 | 0.1 | 0.0 | 1.4 | 1.2 | 1.6 |
| Canada | 3.0 | 1.9 | 1.5 | 1.9 | 0.0 | 0.0 | 1.6 | 1.8 | 1.7 |
| Other Advanced Economies 4/ | 2.9 | 2.6 | 2.1 | 2.4 | -0.1 | -0.1 | 2.3 | 2.4 | 2.4 |
| Emerging Market and Developing Economies | 4.8 | 4.5 | 4.1 | 4.7 | -0.3 | -0.1 | 4.5 | 4.8 | 4.9 |
| Commonwealth of Independent States | 2.2 | 2.7 | 1.9 | 2.4 | -0.3 | 0.1 | 3.1 | 2.2 | 1.4 |
| Russia | 1.6 | 2.3 | 1.2 | 1.9 | -0.4 | 0.2 | 2.9 | 2.0 | 1.0 |
| Excluding Russia | 3.5 | 3.9 | 3.5 | 3.7 | 0.0 | 0.0 | ... | ... | ... |
| Emerging and Developing Asia | 6.6 | 6.4 | 6.2 | 6.2 | -0.1 | -0.1 | 6.0 | 6.3 | 6.1 |
| China | 6.8 | 6.6 | 6.2 | 6.0 | -0.1 | -0.1 | 6.4 | 6.1 | 5.9 |
| India 5/ | 7.2 | 6.8 | 7.0 | 7.2 | -0.3 | -0.3 | 5.8 | 7.7 | 7.1 |
| ASEAN-5 6/ | 5.3 | 5.2 | 5.0 | 5.1 | -0.1 | -0.1 | 5.2 | 5.0 | 5.3 |
| Emerging and Developing Europe | 6.1 | 3.6 | 1.0 | 2.3 | 0.2 | -0.5 | 0.7 | 1.4 | 3.3 |
| Latin America and the Caribbean | 1.2 | 1.0 | 0.6 | 2.3 | -0.8 | -0.1 | 0.3 | 1.0 | 2.1 |
| Brazil | 1.1 | 1.1 | 0.8 | 2.4 | -1.3 | -0.1 | 1.1 | 1.3 | 2.5 |
| Mexico | 2.1 | 2.0 | 0.9 | 1.9 | -0.7 | 0.0 | 1.6 | 1.3 | 1.6 |
| Middle East, North Africa, Afghanistan, and Pakistan | 2.1 | 1.6 | 1.0 | 3.0 | -0.5 | -0.2 | ... | ... | ... |
| Saudi Arabia | -0.7 | 2.2 | 1.9 | 3.0 | 0.1 | 0.9 | 3.6 | 2.4 | 2.8 |
| Sub-Saharan Africa | 2.9 | 3.1 | 3.4 | 3.6 | -0.1 | -0.1 | ... | ... | ... |
| Nigeria | 0.8 | 1.9 | 2.3 | 2.6 | 0.2 | 0.1 | ... | ... | ... |
| South Africa | 1.4 | 0.8 | 0.7 | 1.1 | -0.5 | -0.4 | 0.2 | 1.0 | 0.3 |
| Memorandum | | | | | | | | | |
| Low-income Developing Countries | 4.7 | 4.9 | 4.9 | 5.1 | -0.1 | 0.0 | ... | ... | ... |
| World Growth Based on Market Exchange Rates | 3.2 | 3.0 | 2.7 | 2.9 | 0.0 | 0.0 | 2.8 | 2.7 | 2.8 |
| World Trade Volume (goods and services) 7/ | 5.5 | 3.7 | 2.5 | 3.7 | -0.9 | -0.2 | ... | ... | ... |
| Advanced Economies | 4.4 | 3.1 | 2.2 | 3.1 | -0.6 | 0.0 | ... | ... | ... |
| Emerging Market and Developing Economies | 7.4 | 4.7 | 2.9 | 4.8 | -1.4 | -0.3 | ... | ... | ... |
| Commodity Prices (US dollars) | | | | | | | | | |
| Oil 8/ | 23.3 | 29.4 | -4.1 | -2.5 | 9.3 | -2.3 | 9.5 | 4.3 | -7.0 |
| Nonfuel (average based on world commodity import weights) | 6.4 | 1.6 | -0.6 | 0.5 | -0.4 | -0.6 | -1.8 | 2.5 | 0.6 |
| Consumer Prices | | | | | | | | | |
| Advanced Economies | 1.7 | 2.0 | 1.6 | 2.0 | 0.0 | -0.1 | 1.9 | 1.9 | 1.8 |
| Emerging Market and Developing Economies 9/ | 4.3 | 4.8 | 4.8 | 4.7 | -0.1 | 0.0 | 4.2 | 4.1 | 4.0 |
| London Interbank Offered Rate (percent) | | | | | | | | | |
| On US Dollar Deposits (six month) | 1.5 | 2.5 | 2.4 | 2.3 | -0.8 | -1.5 | ... | ... | ... |
| On Euro Deposits (three month) | -0.3 | -0.3 | -0.3 | -0.3 | 0.0 | -0.1 | ... | ... | ... |
| On Japanese Yen Deposits (six month) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | ... | ... | ... |

Note:

1. Real effective exchange rates are assumed to remain constant at the levels prevailing during April 26–May 24, 2019. Economies are listed on the basis of economic size.
2. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook. 1/ Difference based on rounded figures for the current and April 2019 World Economic Outlook forecasts. Countries whose forecasts have been updated relative to April 2019 World Economic Outlook forecasts account for 90 percent of world GDP measured at purchasing-power-parity weights.
3. For world output, the quarterly estimates and projections account for approximately 90 percent of annual world GDP measured at purchasing-power-parity weights. For emerging market and developing economies, the quarterly estimates and projections account for approximately 80 percent of annual emerging market and developing economies' GDP measured at purchasing-power-parity weights.
4. Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.
5. For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY2011/12 as a base year.
6. Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$68.33 in 2018; the assumed price, based on futures markets (as of May 28, 2019), is \$65.52 in 2019 and \$63.88 in 2020. 9/ Excludes Venezuela.

(Source - <https://www.imf.org/en/Publications/WEO/Issues/2019/07/18/WEOupdateJuly2019>)

Macroeconomic view of the Indian Economy

As per Indian Economic Survey 2018-2019, growth of the Indian economy moderated in 2018-19 with a growth of 6.8 per cent, slightly lower than 7.2 per cent in 2017-18. Yet, India continued to be the fastest growing major economy in the world. India maintained its macroeconomic stability by containing inflation within 4 per cent and by maintaining a manageable current account deficit to GDP ratio. The current account deficit to GDP was higher in 2018-19 as compared to 2017-18, primarily due to higher oil prices, which were about 14 \$/bbl higher in 2018-19 vis-à-vis the previous year. However, the current account deficit started to narrow in the third quarter of the year.

The manufacturing sector was characterized by higher growth in 2018-19 while the growth in agriculture sector witnessed tapering. Growth in investment, which had slowed down for many years, has bottomed out and has started to recover since 2017-18. In fact, growth in fixed investment picked up from 8.3 per cent in 2016-17 to 9.3 per cent in 2017-18 and further to 10.0 per cent in 2018-19. Net FDI inflows grew by 14.2 per cent in 2018-19. Capital expenditure of Central Government grew by 15.1 per cent in 2018-19 leading to increase in share of capital expenditure in total expenditure. Given the macroeconomic situation and the structural reforms being undertaken by the government, the economy is projected to grow at 7 per cent in 2019-20.

Table 0.1 : Key Indicators

| Data categories | Unit | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--|------------|----------|----------|----------|-----------------------|
| GDP and Related Indicators | | | | | |
| GDP at current market prices | ₹ Crore | 13771874 | 15362386 | 17095005 | 19010164 ^a |
| GDP at constant market prices | ₹ Crore | 11369493 | 12298327 | 13179857 | 14077586 ^a |
| Growth Rate | (per cent) | 8.0 | 8.2 | 7.2 | 6.8 ^a |
| GVA at constant basic prices | ₹ Crore | 10491870 | 11318972 | 12104165 | 12906936 ^a |
| Growth Rate | (per cent) | 8.0 | 7.9 | 6.9 | 6.6 ^a |
| Gross Savings | % of GDP | 31.1 | 30.3 | 30.5 | NA |
| Gross Capital Formation | % of GDP | 32.1 | 30.9 | 32.3 | NA |
| Per Capita Net National Income (at current prices) | ₹ | 94797 | 104659 | 114958 | 126406 ^a |

(Source - https://www.indiabudget.gov.in/economicsurvey/doc/vol2chapter/echap01_vol2.pdf)

The growth pattern within the various quarters of 2018-19, we note that the moderation in real GDP growth has been experienced in all quarters of 2018- 19 with the fourth quarter (Q4) registering a growth of 5.8 per cent. The base effect arising from a high growth of 8.1 per cent in the Q4 of 2017-18 also led to this lower growth in Q4 of 2018-19. In this quarter, election related uncertainty may have also contributed to growth moderation.

There was contraction in 'Agriculture & allied' sector in the last quarter of 2018-19, though growth was reasonable in the previous. Growth deceleration in the manufacturing sector This is also seen in Index of Industrial Production (IIP) of manufacturing sector, which grew at 0.3 per cent in Q4 of 2018-19, as compared to 7.5 per cent in the same quarter of previous year. Manufacturing sector was affected by the slowdown in the auto sector as well, where the production growth for all categories, apart from commercial vehicles declined in 2018- 19, as compared to 2017-18. Sales growth decelerated in many segments of the automobile sector, including passenger vehicles, tractor sales, three and two wheeler sales. Stress in Non-Banking Financial Companies (NBFC) sector also contributed to the slow down by adversely impacting consumption finance. Despite the moderation of manufacturing growth within 2018-19, overall growth in the year was higher than in 2017-18, due to a high growth of 12.1 per cent in first quarter of 2018-19.

Table 1: Quarter-wise growth in Gross Value Added (per cent)

| | 2017-18 | | | | 2018-19 | | | |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Agriculture and allied | 4.2 | 4.5 | 4.6 | 6.5 | 5.1 | 4.9 | 2.8 | -0.1 |
| Industry | 0.8 | 6.9 | 8.0 | 8.1 | 9.8 | 6.7 | 7.0 | 4.2 |
| (of which) Manufacturing | -1.7 | 7.1 | 8.6 | 9.5 | 12.1 | 6.9 | 6.4 | 3.1 |
| Services | 9.4 | 6.8 | 8.0 | 8.2 | 7.1 | 7.3 | 7.2 | 8.4 |
| GVA at basic prices | 5.9 | 6.6 | 7.3 | 7.9 | 7.7 | 6.9 | 6.3 | 5.7 |
| GDP at market prices | 6.0 | 6.8 | 7.7 | 8.1 | 8.0 | 7.0 | 6.6 | 5.8 |

Source: Central Statistics Office

Source - https://www.indiabudget.gov.in/economicsurvey/doc/vol2chapter/echap01_vol2.pdf

Growth Outlook of Indian Economy

The year 2019-20 has delivered a huge political mandate for the government, which augurs well for the prospects of high economic growth. Real GDP growth for the year 2019-20 is projected at 7 per cent, reflecting a recovery in the economy after a deceleration in the growth momentum throughout 2018-19. The growth in the economy is expected to pick up in 2019-20 as macroeconomic conditions continue to be stable while structural reforms initiated in the previous few years are continuing on course. However, both downside risks and upside prospects persist in 2019-20.

Investment rate, which was declining from 2011-12 seems to have bottomed out. It is expected to pick up further in the year 2019-20 on the back of higher credit growth and improved demand. There are signs of continuing resolution of stressed assets in the banking sector as reflected in decline in NPA to gross advances ratio as on December 2018, which should push the capex cycle. Rural wages growth which was declining seems to have bottomed out and has started to increase since mid-2018. Further growth in rural wages should help spur rural demand. The condition of minimum land holding has been subsequently removed to benefit all farmers. This cash transfer scheme will also increase the rural incomes. The oil prices increased in 2018-19 by around 14 \$/bbl. However, oil prices are expected to decline in 2019-20 from the current level (based on the oil futures price for 2019-20). This should provide a positive push to consumption

However, downside risks to consumption remain. The extent of recovery in farm sector and farm prices will decide the push to rural consumption, which is also dependent on the situation of monsoon. The meteorological department has predicted that the rainfall over the country as a whole is likely to be near normal this year. This should lead to improvement in agriculture sector growth. However, according to IMD, some regions are expected to receive less than normal rains. This could prove to be detrimental for crop production in certain affected areas. If the impact of stress in the NBFC sector spills over to this year as well, it may lead to lower credit offtake from NBFCs, which may dampen growth in consumption spending. 4 Prospects of export growth remain weak for 2019-20 if status quo is maintained.

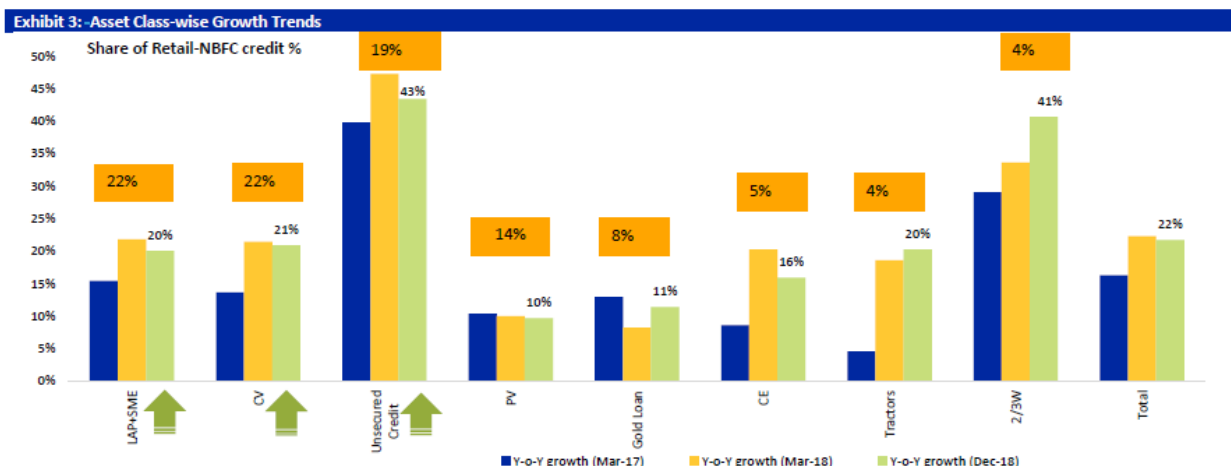
On balance, the prospects of the economy should improve with growth of the economy expected to be 7 per cent in 2019-20.

(Source - https://www.indiabudget.gov.in/economicsurvey/doc/vol2chapter/echap01_vol2.pdf)

NBFC – INDUSTRY AND GROWTH TRENDS

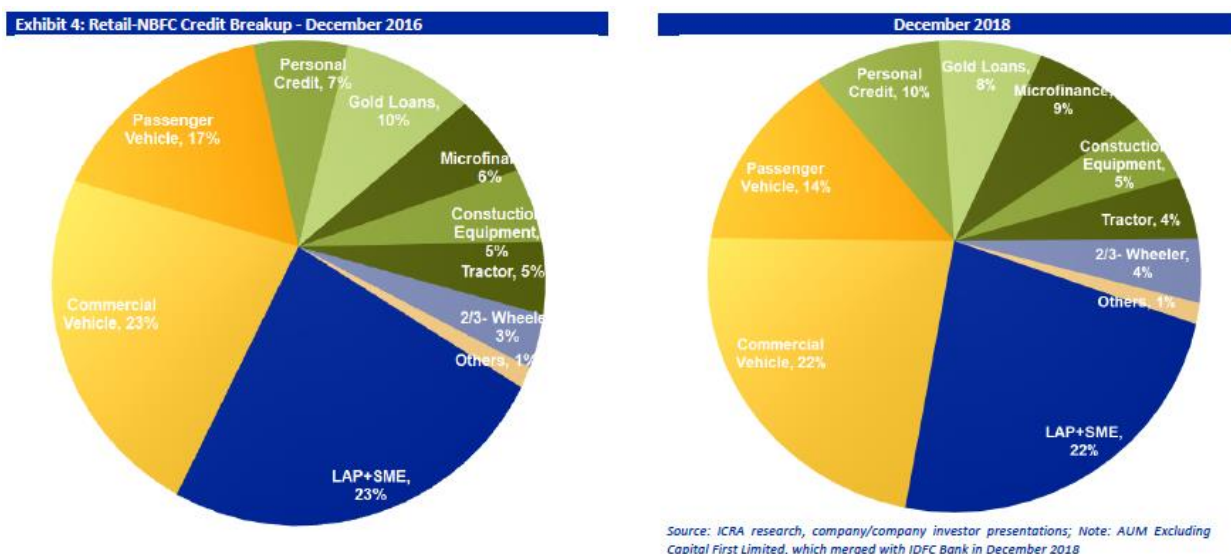
Executive Summary: The AUM of retail-NBFCs grew at a slow pace of 3.3% in Q3 FY2019, the slowest in the last 10 quarters, as liquidity tightened, and entities moderated their disbursements. The sharp reduction comes on the back of the high QoQ growth registered during the previous 4-5 quarters. Retail-NBFC performance during September 2017-June 2018 was buoyed by comfortable market liquidity, which supported business expansion. NBFCs also witnessed an improvement in their asset quality indicators, especially over the last year or so, which further supported their overall risk profile and growth. Retail-NBFCs registered a healthy credit growth of 22% in FY2018. The strong growth trend continued in H1 FY2019, as credit grew by about 24-25% YoY, the highest in the last 4-5 years. Retail-NBFC credit stood at Rs. 8.4 trillion (excluding Capital First Limited, which merged with IDFC Bank in December 2018) as on December 31, 2018. The growth uptrend was witnessed more strongly from Q3 FY2018 as the impact of GST implementation and the spill-over

effects of demonetisation on some key asset segments waned. Key segments contributing to overall growth in Q1/Q2 FY2019 were LAP+SME, CV, personal credit (unsecured including consumer durables) and microfinance, which, in total, accounted for 63% of the total Retail-NBFC credit.



Source ICRA research, company/ company investor presentations; Note: AUM excluding Capital First Limited, which merged with IDFC Bank in December 2018

Outlook: ICRA expects the credit growth to remain moderate till H1 FY2020 and revive only in H2 FY2020. Retail-NBFCs would register AUM growth of 16-18% in FY2019. While the growth would moderate further in H1 FY2020 because of the ongoing liquidity conditions and the general elections in Q1 FY2020, revival could be anticipated in H2 FY2020. ICRA expects the NBFC credit growth in FY2020 to be about 15-17% and NBFC-Retail credit is expected to cross Rs 10 trillion; growth rate could be higher if the fund flow to NBFCs improves.



Source: ICRA research, company/company investor presentations; Note: AUM Excluding Capital First Limited, which merged with IDFC Bank in December 2018

Asset Class-wise Trends

Commercial Vehicle Finance: The domestic CV industry has been registering strong growth in sales over the past 12-14 months aided by healthy underlying demand from core industries, pick-up in construction activity as well as pent-up demand post transition to GST. The healthy demand from consumption-driven sectors and the e-commerce logistics sector as well as the replacement cycle has also supported healthy demand for ICVs and LCVs so far. However, with the tightening financing environment, loan disbursement, especially to SFOs has slowed down. This, along with the weakening viability of SFOs because of rising fuel costs and weak freight rates, has put pressure on industry demand. ICRA expects the impact of these factors to play out in the near term before the demand environment stabilises. The outlook for FY2020 remains supported by potential pre-buying ahead of the implementation of BS-VI emission norms (from April 2020). As

vehicle prices are expected to increase by approximately 10-12% (post new norms), the industry is likely to witness pre-buying in FY2020. In the LCV segment, replacement-led demand (following almost three years of declining sales) and expectation of stable demand from consumption-driven sectors and e-commerce would remain key growth drivers but some moderation in growth momentum is likely. In the bus segment, the growth is expected to be better in FY2019, aided by expectation of replacement-led demand following a year of sharp contraction in bus sales. Last year, bus sales had contracted sharply following low orders placed by SRTUs and overall uncertainty related to the implementation of the bus body code. However, ICRA expects bus sales to grow by 9-11% in FY2020. The LCV segment is expected to benefit over the near term from demand from consumption-driven sectors, e-commerce and express cargo focused logistic companies, in addition to rural demand. ICRA believes that the LCV segment is on a structural uptrend and has witnessed a swift recovery with improvement in the liquidity situation. Accordingly, ICRA expects the LCV (truck) segment to register a growth 18-20% in FY2019. Over the medium term, the segment would also benefit from the GST rollout of and its impact on the logistics sector and the preference for the hub-and-spoke model.

Passenger Vehicle Finance: NBFC credit to the PV segment stood at ~Rs. 1.17 trillion as on December 31, 2018, registering a YoY growth of 10% (10% growth in FY2018 and FY2017). The growth was supported by the focus of NBFCs on semi-urban and rural borrowers and the used car segment, while banks typically focus on the salaried and new car segments. The used car market is estimated to be bigger (in volume terms) than the new car market, though finance penetration is quite low (about 15-20%) compared to 75-80% in the new car segment. The share of the used car segment in the NBFC PV portfolio increased to 26% in December 2018 from 21% in March 2015. The yield in the new car segment is about 9.5-12.0% (depending on the borrower profile), while the same is about 14-18% for the used car category. Salaried borrowers enjoy finer rates compared to self-employed borrowers. Growth in NBFC credit to the PV segment is expected to be about 10% in FY2019, supported by stable growth in the overall sales volume and a likely improvement in rural demand, which could support the high levels of used car financing. However, increased competition from banks offering better pricing in the new PV category would continue to be a challenge in the near to medium term.

LAP and SME Credit: NBFC credit growth in the LAP+SME segments is starting to moderate after registering a steady recovery post demonetisation, i.e. from Q3 FY2018. As expected, the liquidity squeeze faced by NBFCs has heightened the credit risk for the segment as it is not easy for an NBFC customer in this segment, especially lower ticket size borrowers, to secure bank credit. Also, lenders note that borrowers in this segment are vulnerable to adverse fuel prices, elongated working capital cycles, increased interest rates and moderation in demand, which impact the operational viability and credit profiles of the SMEs. The SME segment of NBFCs (includes secured and unsecured credit to small undertakings, business loans and enterprise loans) continues to grow at a relatively robust pace (30% YoY in December 2018). NBFCs are increasingly focusing on loans for productive purposes vis-à-vis conventional LAP, where the end use could be production or consumption. The growth in this segment revived in FY2018 from the lows witnessed in FY2017, which, to an extent, had a base effect on the dpd percentage during that period. As the bulk of the LAP and SME loans are extended to self-employed borrowers in the unorganised sector for business needs, an adverse business environment or volatility would impact the asset quality.

Two-wheeler Finance: ICRA expects the two-wheeler industry volumes to grow at 6-9% in FY2019, supported by moderate domestic demand and notwithstanding healthy exports. The volumes, that had drawn from rural sentiments in early 2018 following two consecutive near-normal monsoons, are expected to moderate in Q4 FY2019 because of unevenly distributed monsoons as well as weaker crop realisations, even as vehicle ownership cost increased during the year. The muted urban demand during the year, because of rising fuel costs, financing rates and cost of ownership besides weaker sentiments, has kept demand for two-wheelers lower in the current fiscal. Going forward, while the high inventory levels with dealers may constrain wholesale dispatches in Q4 FY2019, the upcoming marriage season in Q1 FY2020, the Government's Interim Budget announcements regarding assured income to farmers and the new tax rebate for individuals with income up to Rs. 5 lakh might revive sentiments, although the extent of the same remains to be seen. ICRA expects the volumes to grow at a CAGR of about 7% during FY2019-FY2023.

Tractor Finance: The domestic tractor industry continues to register a healthy growth in volumes, with the overall industry volumes witnessing an expansion of ~15.7% in April-December 2018 (YoY basis). Barring the aberration in volumes in September (largely attributable to a delayed start to the festive season), domestic volume growth has remained healthy on a month-on-month (MoM) basis. Even as demand trends in the industry have remained relatively healthy, fears persist regarding the adverse impact of weak and uneven monsoon precipitation on the kharif crop output. Additionally, a major deficit in the post monsoon rainfall has led to a weakening of the reservoir levels across regions and impacted the rabi sowing pace, which has remained tepid till date. On the positive side, the Government continues with its initiatives towards

doubling farmers' incomes. In addition to enhanced allocations to schemes aimed at improving irrigation and insurance coverage, the MSP hikes have been significantly healthier than in previous years. The Government also remains focused on widening the procurement operations, with a view of ensuring adequate crop realisations to the farming community. The Government's thrust on rural spending and infrastructure creation is also expected to provide support to rural incomes over the short to medium term. ICRA expects the industry to grow at a healthy pace in FY2019 (expected growth of 10-12%) even though the industry volumes already touched a new peak of 7.1 lakh in the previous fiscal. Over the long term, ICRA continues to maintain a long-term CAGR estimate of 8-9% for the industry, with the long-term industry drivers remaining intact.

Construction Equipment Finance: Demand for CE grew by a robust 24-27% during calendar year (CY)2018 (as against ICRA's July 2018 expectation of ~20% growth), supported by road and railway work throughout the country. Growth stayed strong through the initial 9M of CY2018, barring seasonal lows. However, growth started tapering off in Q4CY2018 and has been relatively muted in Jan-Feb 2019, impacted partly by the NBFC liquidity crisis, and the consequent impact on LTV and interest rates during Q4CY2018. While the medium-term outlook for the industry is positive, CY2019 will witness moderation in demand (with demand growth expected to fall to 4-6%) as policy paralysis and diversion of liquidity to the Central elections leads to slow progress on projects. Demand post elections will be a function of the formation of a stable government and continued focus on infrastructure investments.

(Source: Retail – NBFC Credit Trends April 2019" by ICRA (the "ICRA Report")

Liquidity Profile and Funding of NBFC

NBFC-ND-SIs accounted for about 85% of the total assets of the overall NBFC sector. NBFC funding from the financial system is highly concentrated towards banks and mutual funds, which together accounted for close to 75-80% of their total borrowings, followed by insurance companies at 19-20%. The share of bank funding to NBFCs started increasing from Q3 FY2018 after witnessing a steady decline in FY2017 and H1 FY2018. Bank credit to NBFCs witnessed a sharp increase in March 2018 compared to February 2018 levels as it jumped by Rs. 1 trillion.

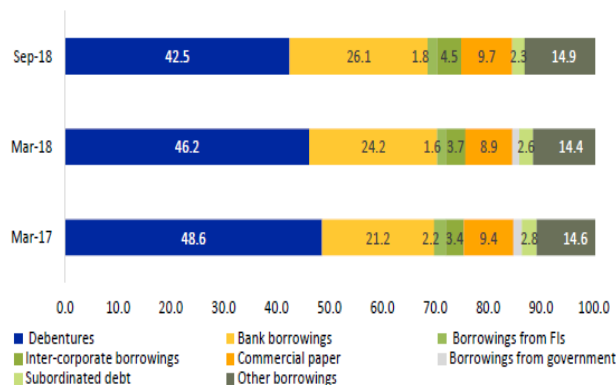
Short-term rates for NBFCs remained relatively favourable compared to long-term rates during this period. Consequently, the share of CPs in the overall MF funding to NBFCs increased to 58% in August 2018 from 47% in March 2018.

The loan sell-down (securitisation/DA) market witnessed heightened activity in recent times, driven by the large-scale funding requirements of NBFCs and HFCs. The priority sector lending (PSL) requirements of banks have remained the driving force behind securitisation volumes in the last several years. However, in recent years, the share of non-PSL backed transactions has been on the rise with increasing participation from MFs and NBFCs as investors.

NBFCs augmented liquidity buffers - cash/ cash equivalents witnessed a sharp increase. NBFCs focussed drawing down the loan facilities and reducing incremental disbursements and maintained liquidity in the form of cash/FDs/ investments.

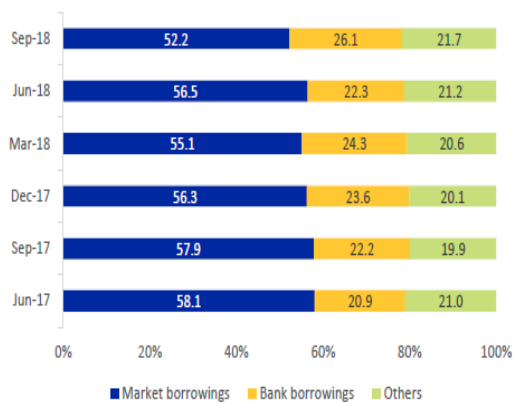
The Retail-NBFC ALM is generally characterised by positive cumulative ALM mismatches in the near-term bucket. This improved compared to March 2018 as the entities maintained on-book liquidity while credit growth slowed down.

Exhibit 7: NBFC-ND-SIs ^ Borrowing Profile-Instrument (%)



Source: RBI- Trends and Progress of Banking in India -Dec 2018

Exhibit 6: Borrowing Sources for NBFC-ND-SIs (%)



Source: RBI- Trends and Progress of Banking in India -Dec 2018

(Source: Retail – NBFC Credit Trends April 2019” by ICRA (the “ICRA Report”))

OBJECTS OF THE TRANCHE II ISSUE

TCFSL proposes to utilise the funds which are being raised through the Tranche II Issue, after deducting the Tranche II Issue related expenses to the extent payable by TCFSL (“**Net Proceeds**”), towards funding the following objects (collectively, referred to herein as the “**Objects**”):

The details of the proceeds of the Tranche II Issue are summarized below:

| Particulars | Estimated amount (in ₹ lakh) |
|--|------------------------------|
| Gross proceeds to be raised through the Tranche II Issue* | 412,600 |
| Less: - Tranche II Issue related expenses** | 3,900 |
| Net proceeds of the Tranche Issue after deducting the Tranche Issue related expenses | 408,700 |

**Assuming this Tranche II Issue is fully subscribed and TCFSL retains oversubscription upto the Shelf Limit.*

*** The above expenses are indicative and are subject to change depending on the actual level of subscription to the Tranche II Issue and the number of Allottees, market conditions and other relevant factors.*

The following table details the objects of the Tranche II Issue and the amount proposed to be financed from the Net Proceeds:

| S. No. | Objects of the Tranche II Issue | Percentage of amount proposed to be financed from Net Proceeds |
|--------|---|--|
| 1. | For the purpose of onward lending, financing, and for repayment /prepayment of interest and principal of existing borrowings of TCFSL # | At least 75% |
| 2. | General Corporate Purposes* | Maximum of up to 25% |
| | Total | 100% |

#TCFSL shall not utilize the proceeds of the Issue towards payment of prepayment penalty, if any.

**The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI Debt Regulations.*

The main objects clause of the Memorandum of Association of TCFSL permits TCFSL to undertake its existing activities as well as the activities for which the funds are being raised through this Tranche II Issue.

The Unsecured NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II capital and accordingly, will be utilised in accordance with statutory and regulatory requirements including requirements of RBI.

Issue Related Expenses

The expenses for the Tranche II Issue include, inter alia, lead management fees and selling commission to the lead managers, lead-brokers, fees payable to debenture trustees, the Registrar to the Issue, SCSBs’ commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Tranche II Issue expenses and listing fees will be paid by TCFSL.

The estimated breakdown of the total expenses for the Tranche II Issue is as follows*:

| Activity | Expenses (in ₹ lakh) |
|--|----------------------|
| Fees to intermediaries (Lead Management Fee, brokerage, rating agency, registrar, legal advisors, Debenture Trustees etc.) | 3,200 |
| Advertising and Marketing Expenses | 500 |
| Printing and Stationery | 50 |
| Other Miscellaneous Expenses | 150 |
| Total | 3,900 |

**Assuming this Tranche II Issue is fully subscribed and our Company retains oversubscription upto the Shelf Limit.*

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Tranche II Issue and the number of Allottees, market conditions and other relevant factors.

Our Company shall pay processing fees to the SCSBs for Application Forms procured by the Designated Intermediaries and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹ 15 per Application Form procured (plus service tax and other applicable taxes). However, it is clarified that in case of Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any processing fee. Further, RTAs and CDPs shall be paid ₹ 15 per each valid Application Form procured.

Purpose for which there is a requirement of funds

As stated in this section.

Funding plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Monitoring of utilisation of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Audit Committee shall monitor the utilisation of the proceeds of the Tranche II Issue. TCFSL will disclose in its financial statements for the relevant financial year commencing from FY 2019 – 20, the utilisation of the proceeds of the Tranche II Issue under a separate head along with details, if any, in relation to all such proceeds of the Tranche II Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Tranche II Issue.

Interim use of proceeds

The senior management of TCFSL will have flexibility in deploying the proceeds received from the Tranche II Issue. Pending utilisation of the proceeds out of the Tranche II Issue for the purposes described above, TCFSL intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board / Committee of Directors of TCFSL, as the case may be. Such investment would be in accordance with the investment policy of TCFSL approved by the Board.

Other confirmations

In accordance with the SEBI Debt Regulations, TCFSL will not utilise the proceeds of the Tranche II Issue for providing loans to or acquisition of shares of any person who is a part of the same group as TCFSL or who is under the same management as TCFSL.

The Tranche II Issue proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, *inter alia*, by way of a lease, of any immovable property.

No part of the proceeds from this Tranche II Issue will be paid by us as consideration to our Promoter, our Directors, Key Managerial Personnel, or companies promoted by our Promoter except in ordinary course of business.

No part of the proceeds from this Tranche II Issue will be utilized for buying, trading or otherwise dealing in equity shares of any other listed company.

Further, TCFSL undertakes that Tranche II Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

TCFSL confirms that it will not use the proceeds of the Tranche II Issue for the purchase of any business or in the purchase of any interest in any business whereby TCFSL shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, the acquisition of any immovable property or acquisition of securities of any other body corporate.

Variation in terms of contract or objects

TCFSL shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Tranche II Prospectus is issued, except as may be prescribed under the applicable laws and specifically under Section 27 of the Companies Act, 2013.

Benefit / interest accruing to Promoter / Directors out of the objects of the Tranche II Issue

Neither the Promoter nor the Directors of TCFSL are interested in the Objects of this Tranche II Issue.

Utilisation of Tranche II Issue Proceeds

- a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- b) Details of all monies utilised out of the Tranche II Issue shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;
- c) Details of all unutilised monies out of issue of NCDs, if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested; and
- d) We shall utilize the Tranche II Issue proceeds only upon receipt of the minimum subscription and receipt of listing and trading approvals from the Stock Exchanges.

Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the Balance Sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

The Board of Directors

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

Dear Sirs,

Statement of Possible Tax Benefits available to the debenture holders of Tata Capital Financial Services Limited

We, B S R & Co. LLP, Chartered Accountants, hereby report that the enclosed statement states the possible tax benefits available to the debenture holders of Tata Capital Financial Services Limited (the “**Company**”) under the Income-tax Act, 1961 (amended by The Finance Act, 2019), presently in force in India. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon their fulfilling such conditions which based on business imperatives it faces in the future, it may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or its own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

- i) the debenture holders will continue to obtain these benefits in future; or
- ii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

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

Chartered Accountants

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

Manoj Kumar Vijai

Partner

Membership No: 046882

ICAI UDIN: 19046882AAAAEX8121

Place: Mumbai

Date: 2 August 2019

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

1. ANNEXURE: STATEMENT OF TAX BENEFITS

i. STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)

Under the existing provisions of law, the following tax benefits, inter-alia, will be available to the Debenture Holder(s). The tax benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The information given below lists out the possible benefits available to the Debenture Holder(s) of an Indian company in which public are substantially interested¹, in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the debenture.

The Debenture Holder is advised to consider in its own case, the tax implications in respect of subscription to the Debentures after consulting his tax advisor as alternate views are possible. We are not liable to the Debenture Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. IMPLICATIONS UNDER THE INCOME-TAX ACT, 1961 ('I.T. ACT')

I. To the Resident Debenture Holder

Interest on NCD

1. Interest received by Debenture Holder(s) would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the rate of 10% at the time of credit/payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in respect of the following:
 - (a) On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under.(w.e.f. 01.06.2008).
 - (b) In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), Debenture Holder does not or is not likely to exceed Rs 5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.
 - (c) When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.
 - (d) (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, "Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the nature of income referred in section 197A(1) or section 197A(1A) such as dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS etc. as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax".

¹ Refer Section 2(18)(b)(B) of the I.T. Act.

To illustrate, as on 01.04.2019 -

- the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is Rs. 2,50,000;
- in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is Rs. 3,00,000; and
- in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is Rs. 5,00,000 for Financial Year 2019-20.

Further, section 87A provides a rebate of 100 percent of income-tax or an amount of Rs. 2,500 whichever is less to a resident individual whose total income does not exceed Rs. 3,50,000.

(ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.

(iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.

2. In case where tax has to be deducted at source while paying debenture interest, the Company is not required to deduct surcharge, education cess and secondary and higher education cess.

Classification of gains on transfer

3. In case the debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be depending whether the same is held as Stock in trade or investment. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para X below) and hold such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.

Capital gains and other general provisions

4. As per the provisions of section 2(29A) of the IT Act, read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. In all other cases, it is 36 months immediately preceding the date of its transfer.

As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% (plus applicable surcharge and cess) of capital gains calculated after reducing indexed cost of acquisition or 10% (plus applicable surcharge and cess) of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the debentures from the sale consideration. However as per the fourth proviso to section 48 of I.T. Act, benefit of indexation of cost of acquisition under second proviso of section 48 of I.T. Act, is not available in case of bonds and debenture, except capital indexed bonds or sovereign gold bonds. Accordingly, long term capital gains arising to the

Debenture Holder(s), would be subject to tax at the rate of 10%, computed without indexation, as the benefit of indexation of cost of acquisition is not available in case of debentures.

In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

5. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax would also apply to such short term capital gains.
6. As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

II. To Mutual Funds

All mutual funds registered under Securities and Exchange Board of India or set up by public sector banks or public financial institutions or authorised by the Reserve Bank of India are exempt from tax on all their income, including income from investment in Debentures under the provisions of Section 10(23D) of the I.T. Act subject to and in accordance with the provisions contained therein. Further, as per the provisions of section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

III. To the Foreign Institutional Investors (FIIs/FPIs)

1. As per Section 2(14) of the I.T. Act, any securities held by FIIs/FPIs² which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs/FPIs as capital gains.
2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs/FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.
3. The Finance Act, 2013 (by way of insertion of a new section 194LD in the I.T. Act) provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs/FPIs and Qualified Foreign Investor in respect of rupee denominated bond and government securities of an Indian company between June 1, 2013 and July 1, 2020 provided such rate does not exceed the rate as may be notified³ by the Government. In the regular course, interest is subject to tax at the rate of 20%.

² The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

³ Refer Notification No. 56/2013 [F.No.149/81/2013-TPL/SO 2311(E), dated 29-7-2013. As per the said Notification, in case of bonds issued on or after the 1st day of July, 2010, the rate of interest shall not exceed 500 basis points (bps) over the Base Rate of State Bank of India applicable on the date of issue of the said bonds.

4. In accordance with and subject to the provisions of section 196D(2) of the I.T. Act, no deduction of tax at source is applicable in respect of capital gains arising on the transfer of debentures by FIIs/FPIs.

IV. To the Non-resident Indian Debenture Holder – Special provisions

1. A non-resident Indian has ***an option*** to be governed by Chapter XII-A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:

Interest on NCD and capital gains on transfer

- (a) Under section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such Debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.

Exemption from long-term capital gains

- (b) Under section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax if the net consideration is invested within six months after the date of transfer of the debentures in any specified asset as defined under section 115C of the I.T. Act or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein.

Others relaxations

- (c) Under section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C of the I.T. Act and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
 - (d) Under section 115H of the I.T. Act, where a non-resident Indian becomes a resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
2. In accordance with and subject to the provisions of section 115I of the I.T. Act, a Non-Resident Indian ***may opt not to be governed*** by the provisions of Chapter XII-A of the I.T. Act. In that case, the general provisions applicable to non-residents would apply.

V. To Non-resident Debenture Holder –General

1. Under the general provisions applicable to non-resident investors, the applicable tax rates are as under:
 - (a) Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
 - (b) Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act

2. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E, and 30% for Short Term Capital Gains if the payee Debenture Holder is a Non Resident Indian.
3. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.
4. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes ('CBDT'), in the case of a remittance to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the I.T. Act or at the rate provided in the DTAA, whichever is more beneficial to the assessee. However, submission of Tax Residency Certificate ('TRC') is a mandatory condition for availing benefits under any DTAA. Further, such non-resident investor would also be required to furnish Form 10F along with TRC, if such TRC does not contain information prescribed by the CBDT vide its Notification No. 57/2013 dated 1 August 2013.
5. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 195(2) / 195(3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest.
6. Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterisation (especially considering the provisions explained in Para X below) and hold the such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.
7. Section 9 of the Act seeks to charge tax in various cases where income may be deemed to accrue or arise in India. Included in the list is the case of indirect transfer of capital assets in India through transfer of any share or interest in any company or entity outside India. However, indirect transfer provisions shall not apply to investment held by any non-resident, directly or indirectly, in FII and registered as Category-I or Category-II FPI under the SEBI Act, 1992.

VI. Exemption under Sections 54EE and 54F of the I.T. Act

Exemptions may be claimed from taxation of LTCG if investments in certain specified securities/assets is made subject to fulfillment of certain conditions. The following exemptions may be available to the debenture holders:

- (a) Section 54EE of the Act exempts capital gains on transfer of long term capital assets if the gains upto Rs.50 lacs are invested in "long term specified assets" (i.e. units of notified fund) within six months from the date of transfer. The investment in long term specified assets should be held for 3 years.
- (b) Section 54F of the Act exempts capital gains on transfer of long-term capital asset, not being a residential house, held by an individual or HUF, if the net consideration is utilized to purchase/ construct a residential house within specified timelines.

VII. Minimum Alternate Tax and Alternate Minimum Tax

- (a) MAT may apply where the income-tax payable by a company under the regular tax provisions is less than 18.5 percent of the “book profit” (calculated as per the provisions of section 115JB). In such cases, there would be an obligation to pay MAT at the rate of 18.5 percent of such book profit in lieu of regular income tax. Provisions allow the credit for such MAT against taxes payable in subsequent 15 years.
- (b) AMT may apply where the income-tax payable by a person (other than companies) under the regular tax provisions is less than 18.5 percent of the “adjusted total income” (being the total income before giving effect to certain deductions to be calculated under section 115JC). In such cases, there would be an obligation to pay AMT at the rate of 18.5 percent of such adjusted total income in lieu of regular income tax. Provisions allow the credit for such AMT against taxes payable in subsequent 15 years.

VIII. Requirement to furnish PAN under the I.T. Act

1. *Section 139A(5A)*

Section 139A(5A) requires every person from whose income tax is to be deducted at source to furnish his PAN to the person responsible for deduction of tax at source.

2. *Sec.206AA*

- (a) Section 206AA of the I.T. Act requires every person entitled to receive any sum, on which tax is deductible under Chapter XVIIIB (‘deductee’) to furnish his PAN to the deductor, failing which tax shall be deducted at the highest of the following rates: /
 - (i) at the rate in force specified in the relevant provision of the I.T. Act; or
 - (ii) at the rates in force; or
 - (iii) at the rate of **twenty per cent**

However, new rule 37BC of the Income Tax Rules provides that the provisions of section 206AA of the I.T Act shall not apply on payments made to non-resident deductees who do not have PAN in India. The non-resident deductee in this regard, shall be required to furnish few prescribed details inter alia name, email-ID, contact number, certificate of his being resident in that country and Tax Identification Number (TIN).

- (b) A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (a) above in such a case.
- (c) Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (a) above will apply apart from any penal consequences.

IX. Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after 1st April 2017:

- (i) without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;
- (ii) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration;

shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated in section 56(2)(x) of the Act.

X. General Anti-Avoidance Rule ('GAAR')

In terms of Chapter X-A of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be inter-alia denial of tax benefit, applicable w.e.f financial year 2017-18. The GAAR provisions can be said to be not applicable in certain circumstances viz. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 75/2013 dated 23 September 2013.

XI. General Tax Rates (relevant for computing tax on short term capital gains)

Rates applicable to different categories of assesses:

- a) The slab rates applicable to individuals/HUF/Association of Persons (AOP)/Body of Individuals (BOI)/Artificial Juridical Person are as under:

| Slabs | % of Income Tax |
|--|--|
| Up to Rs. 2.5 lacs (Basic exemption limit) | Nil |
| From Rs. 2.5 lacs to Rs. 5 lacs | 5% of the amount by which the total income exceeds Rs. 2.5 lacs |
| From Rs. 5 lacs to Rs. 10 lacs | Rs. 12,500 plus 20% of the amount by which the total income exceeds Rs. 5 lacs |
| Above Rs. 10 lacs | Rs. 1,12,500 plus 30% of the amount by which the total income exceeds Rs. 10 lacs. |

Basic exemption limit for resident senior citizens of 60 years but below 80 years of age is Rs. 3 lacs and for resident senior citizens of 80 years of age or more is Rs. 5 lacs.

An individual resident, whose total income does not exceed Rs. 350,000 (w.e.f. 1 April 2018 - previously Rs. 500,000), shall be eligible for a rebate of amount of income-tax payable on the total income for any assessment year or Rs 2500, whichever is less.

- b) Rates applicable to other categories of assesses:

| Assessee | % of Income Tax |
|-------------------|-----------------|
| Partnership Firms | 30% |
| Indian Corporates | 30% * |
| Foreign Company | 40% |

*The Finance Act, 2019, provides that where the total turnover or the gross receipt of the domestic company does not exceed Rs. 400 crores in the previous year 2017-18, the rate of income tax is 25%.

Surcharge and cess

The rates of surcharge applicable to various assesseees are provided as under:

| Particulars | If total income does not exceed Rs. 50 lakh | If total income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 crore | If total income exceeds Rs. 1 crore but doesn't exceed Rs. 2 crore | If total income exceeds Rs. 2 crore but doesn't exceed Rs. 5 crore | If total income exceeds Rs. 5 crore |
|---|---|--|--|--|-------------------------------------|
| Individuals/ HUF/ AOP/ BOI/ Artificial Juridical Person | Nil | 10% | 15% | 25% | 37% |

| Particulars | If total income does not exceed Rs. 1 crore | If total income exceeds Rs. 1 crore but doesn't exceed Rs. 10 crore | If total income exceeds Rs. 10 crore |
|-------------------------------|---|---|--------------------------------------|
| Domestic Company | Nil | 7% | 12% |
| Other than Domestic Companies | Nil | 2% | 5% |

In case of Firms [including Limited Liability Partnership ('LLP')] and Local Authority, surcharge will be applicable at the rate of 12% if income exceeds Rs. 1 crore.

Over and above the surcharge, 'Health and Education Cess' at the rate of 4% on tax including surcharge is payable by all taxpayers persons.

B. IMPLICATIONS UNDER THE WEALTH TAX ACT, 1957

The Finance Act, 2015 has abolished Wealth Tax Act, 1957 with effect from 1 April 2016 which shall then apply in relation to FY 2015-16 and subsequent years. There is, therefore, no wealth tax obligation arising out of the investment in debentures.

I. Notes

1. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and Wealth Tax Act, 1957(collectively referred to as 'direct tax laws') and does not cover benefits under any other law.
2. The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds. Further, several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed under the relevant provisions.
3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2020-21 (considering the amendments made by Finance Act, 2019).
4. This statement is intended only to provide general information to the Debenture Holder(s) and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.
5. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.

6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile. For taxes paid in India, the same could be claimed as a credit in accordance with the provisions of the relevant tax treaty and applicable domestic tax law.
7. Interest on application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A/195 of the I.T. Act.
8. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

SECTION III: ISSUE RELATED INFORMATION

GENERAL TERMS OF THE ISSUE

Authority for the Tranche II Issue

At the meeting of the Board of Directors held on June 15, 2018, the Board of Directors approved the issuance of Secured NCDs of face value ₹ 1,000 each and Unsecured NCDs of face value ₹ 1,000 each, aggregating up to ₹ 7,50,000 lakh ("Shelf Limit") to the public, hereinafter called the "Issue".

The present public issue by the Issuer of Secured NCDs up to ₹ 299,790 lakh and Unsecured NCDs up to ₹ 112810 lakh, aggregating up to ₹ 412,600 lakh ("Tranche II Issue") was approved by the Working Committee at its meeting held on August 02, 2019. The Base Issue Size of Tranche II Issue is ₹ 50,000 lakh with an option to retain oversubscription up to the Residual Shelf Limit.

Further, the present borrowing is within the borrowing limits of ₹ 52,00,000 lakh under Section 180(1)(c) of the Companies Act, 2013, duly approved by the Members of TCFSL at the EGM held on March 27, 2019.

Principal terms and conditions of this Tranche II Issue

The NCDs being offered as part of the Tranche II Issue are subject to the provisions of the SEBI Debt Regulations, the relevant provisions of the Companies Act, 1956 and the Companies Act, 2013 and regulations framed by the RBI, as on the date of this Tranche II Prospectus, our Memorandum of Association and Articles of Association, the terms of the Shelf Prospectus, the terms of this Tranche II Prospectus, the terms and conditions of the Debenture Trustee Appointment Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements, including those issued from time to time, by SEBI / the GoI / Stock Exchanges / RBI and/or other statutory / regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of the Secured NCDs

The Secured NCDs would constitute secured obligations of TCFSL and shall rank *pari passu inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of a first ranking *pari passu* charge by way of a mortgage over the identified immovable property and first ranking *pari passu* charge on identified book debts, loans and advances, and receivables, both present and future which are not offered to lenders for their credit facilities. The Secured NCDs proposed to be issued under the Tranche II Issue and all earlier issues of debentures outstanding in the books of TCFSL having corresponding assets as security, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption.

Ranking of Unsecured NCDs

The Unsecured NCDs would constitute unsecured and subordinated obligations of TCFSL and shall rank *pari passu inter se*, and subject to any obligations under applicable statutory and/or regulatory requirements. The Unsecured NCDs proposed to be issued under the Issue and all earlier issues of unsecured debentures outstanding in the books of TCFSL, if any, shall rank *pari passu* without preference of one over the other except that priority for payment shall be as per applicable date of redemption. The claims of the Unsecured NCD Holders shall be subordinated to those of the other creditors of TCFSL, subject to applicable statutory and/or regulatory requirements. TCFSL shall, subject to applicable RBI requirements and other applicable statutory and/or regulatory provisions, treat the Unsecured NCDs as Tier II capital.

Debenture Redemption Reserve

Section 71 of the Companies Act, 2013, read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, requires that any company that intends to issue debentures must create a DRR for the purpose of redemption of debentures, in accordance with the following conditions: (a) the DRR shall be created out of the profits of the company available for payment of dividend, (b) the DRR shall be equivalent to at least 25% of the value of the outstanding debentures issued

pursuant to the public issue in accordance with the SEBI Debt Regulations and in case of NBFCs registered with the RBI, no DRR is required in the case of privately placed debentures. Accordingly, TCFSL is required to create a DRR of 25% of the value of the outstanding NCDs issued through the Tranche II Issue. In addition, as per Rule 18 (7) (e) of Companies (Share Capital and Debentures) Rules, 2014, the amounts credited to DRR shall not be utilised by TCFSL except for the redemption of the NCDs. Every company required to create or maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next financial year, following any one or more of the following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The amount deposited or invested, as the case may be, shall not be utilised for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the 31st day of March of that year.

**As part of the recently announced Union Budget 2019-2020, the Ministry of Finance, Government of India has stated that in order to allow NBFCs to raise funds in public issues, the requirement of creating a DRR, which is currently applicable for only for public issues, is proposed to be done away with. This provision, however, has not yet been notified by the Ministry of Corporate Affairs and is not in force as on the date of this Tranche II Prospectus.*

Upon this provision coming into effect, unless expressly stated otherwise in the notification / circular to be issued by the Ministry of Corporate Affairs, we shall utilise the provisions of such notification/ circular in accordance with the terms and conditions as set out therein and subject to applicable law, for securities issued pursuant to this document.

Face Value

The face value of each of the Secured NCDs shall be ₹ 1,000.

The face value of each of the Unsecured NCDs shall be ₹ 1,000.

NCD Holder not a shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of TCFSL, except to the extent as may be prescribed under the Companies Act, 2013, the SEBI LODR Regulations and any other applicable law.

Rights of the Secured NCD Holders

Some of the significant rights available to the Secured NCD Holders are, as follows:

1. The Secured NCDs shall not, except as provided in the Companies Act, 2013, confer upon the Secured NCD Holders thereof any rights or privileges available to our members including the right to receive notices, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the Secured NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered Secured NCD Holders for their consideration. In terms of Section 136 of the Companies Act, 2013, the Secured NCD Holders shall be entitled to inspect a copy of the Balance Sheet and copy of the Trust Deed at the Registered Office of TCFSL during business hours.
2. Subject to applicable statutory / regulatory requirements, including requirements of the RBI, the rights, privileges and conditions attached to the Secured NCDs may be varied, modified and/or abrogated with the consent of NCD Holders representing at least 51% in value of the outstanding amount of the Secured NCDs, obtained either in writing or by way of a resolution passed at a meeting of the NCD Holders in accordance with the Debenture Trust Deed, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Secured NCDs, if the same are not acceptable to us.
3. In case of Secured NCDs held in (a) dematerialised form, the person for the time being appearing in the register of beneficial owners of the Depository; and (b) physical form on account of re-materialization, the registered Secured NCD Holders or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such Secured NCDs, either in person or by proxy, at any meeting of the concerned Secured NCD Holders and every such

Secured NCD Holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Secured NCD Holders shall be in proportion to the outstanding nominal value of Secured NCDs held by him/her.

4. The Secured NCDs are subject to the provisions of the SEBI Debt Regulations, the Companies Act, 2013, our Memorandum and Articles of Association, the terms of this Tranche II Prospectus, the Shelf Prospectus and the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the Secured NCDs.
5. For Secured NCDs in physical form on account of re-materialization, a register of debenture holders will be maintained in accordance with Section 88 and Section 94 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the register of debenture holders as on the Record Date. For Secured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Secured NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register of beneficial owners maintained by a Depository for any Secured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a register of debenture holders for this purpose. The same shall be maintained at the Registered Office of TCFSL under Section 94 of the Companies Act, 2013, unless the same has been moved to another location after obtaining the consent of the NCD Holders as given thereunder.
6. The Secured NCDs can be rolled over only by passing a special resolution by the Secured NCD Holders through postal ballot, with the consent of at least 75% of the Secured NCD Holders by value of such Secured NCDs, after providing at least 21 days prior notice for such roll over, in accordance with the SEBI Debt Regulations, as amended from time to time. TCFSL shall redeem the Secured NCDs of all the Secured NCD Holders, who have either not participated in the voting by postal ballot or have not given their positive consent to the roll-over.

The aforementioned rights of the Secured NCD Holders are merely indicative. The final rights of the Secured NCD Holders will be as per the terms of the Draft Shelf Prospectus, the Shelf Prospectus, this Tranche II Prospectus and the Debenture Trust Deed.

Rights of Unsecured NCD Holders

Some of the significant rights available to the Unsecured NCD Holders are, as follows:

1. The Unsecured NCDs shall not, except as provided in the Companies Act, 2013, confer upon the Unsecured NCD Holders thereof any rights or privileges available to our members including the right to receive notices, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the Unsecured NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered Unsecured NCD Holders for their consideration. In terms of Section 136 of the Companies Act, 2013, the Unsecured NCD Holders shall be entitled to inspect a copy of the Balance Sheet and copy of the Trust Deed at the Registered Office of TCFSL during business hours.
2. Subject to applicable statutory / regulatory requirements, including requirements of the RBI, the rights, privileges and conditions attached to the Unsecured NCDs may be varied, modified and/or abrogated with the consent of NCD Holders representing at least 51% in value of the outstanding amount of the Unsecured NCDs, obtained either in writing or by way of a resolution passed at a meeting of the NCD Holders in accordance with the Debenture Trust Deed, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the Unsecured NCDs, if the same are not acceptable to us.
3. In case of Unsecured NCDs held in (a) dematerialised form, the person for the time being appearing in the register of beneficial owners of the Depository; and (b) physical form on account of re-materialization, as entitled under Section 8(1) of the Depositories Act, 1996, the registered Unsecured NCD Holders or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such Unsecured NCDs, either in person or by proxy, at any meeting of the concerned Unsecured NCD Holders and every such Unsecured NCD Holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the Unsecured NCD Holders shall be in proportion to the outstanding nominal value of

Unsecured NCDs held by him/her.

4. The Unsecured NCDs are subject to the provisions of the SEBI Debt Regulations, the Companies Act, 2013, our Memorandum and Articles of Association, the terms of the Shelf Prospectus, this Tranche II Prospectus, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the Unsecured NCDs.
5. For Unsecured NCDs in physical form on account of re-materialization, a register of debenture holders will be maintained in accordance with Section 88 and Section 94 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the Unsecured NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the register of debenture holders as on the Record Date. For Unsecured NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the Unsecured NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register of beneficial owners maintained by a Depository for any Unsecured NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a register of debenture holders for this purpose. The same shall be maintained at the Registered Office of TCFSL under Section 94 of the Companies Act, 2013, unless the same has been moved to another location after obtaining the consent of the NCD Holders as given thereunder.
6. The Unsecured NCDs can be rolled over only by passing a special resolution by the Unsecured NCD Holders through postal ballot, with the consent of at least 75% of the Unsecured NCD Holders by value of such Unsecured NCDs, after providing at least 21 days prior notice for such roll over, in accordance with the SEBI Debt Regulations, as amended from time to time. TCFSL shall redeem the Unsecured NCDs of all the Unsecured NCD Holders, who have either not participated in the voting by postal ballot or have not given their positive consent to the roll-over.

The aforementioned rights of the Unsecured NCD Holders are merely indicative. The final rights of the Unsecured NCD Holders will be as per the terms of the Shelf Prospectus, this Tranche II Prospectus and the Debenture Trust Deed.

Minimum Subscription

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If TCFSL does not receive the minimum subscription of 75% of the Base Issue i.e. ₹ 37,500 lakh within the prescribed timelines under the Companies Act, 2013 and any rules thereto, the entire subscription amount shall be refunded / unblocked to the Applicant's bank account within 6 (six) working days from the date of closure of the Tranche II Issue. In the event there is a delay by TCFSL in making the aforesaid refund within the prescribed time limit, TCFSL will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with TCFSL and/or Registrar, refunds will be made to the account prescribed. However, where TCFSL and/or Registrar does not have the necessary information for making such refunds, TCFSL and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

Market Lot and Trading Lot

The NCDs shall be allotted in dematerialised form. As per the SEBI Debt Regulations, the trading of the NCDs shall be in dematerialised form only. Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable interest for such NCDs) prior to redemption of the NCDs.

Allotment in the Tranche II Issue will be in electronic form multiples of one NCD. For details of Allotment, please see the

section “*Issue Procedure*” on page 110 of this Tranche II Prospectus.

Nomination facility to NCD Holders

In accordance with Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, the sole NCD Holder or first NCD Holder, along with other joint NCD Holders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the NCDs. A person, being a nominee, becoming entitled to the NCDs by reason of the death of the NCD Holder(s), shall be entitled to the same rights to which he would be entitled if he were the registered holder of the NCD. Where the nominee is a minor, the NCD Holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the NCDs, in the event of his death, during the minority. A nomination shall stand rescinded upon sale of the NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the NCDs are held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all such NCD Holders. Fresh nominations can be made only in the prescribed form available on request at our Registered Office, or at such other addresses as may be notified by us, or at the office of the Registrar to the Issue or the transfer agent.

NCD Holders are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCDs to the nominee in the event of demise of the NCD Holders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Section 72 of the Companies Act read with the Companies (Share Capital and Debentures) Rules, 2014, any person who becomes a nominee by virtue of the above said Section, shall upon the production of such evidence as may be required by our Board, elect either:

- (a) to register himself or herself as the holder of the NCDs; or
- (b) to make such transfer of the NCDs, as the deceased holder could have done.

NCD Holders who are holding NCDs in dematerialised form need not make a separate nomination with TCFSL. Nominations registered with the respective Depository Participant of the NCD Holder will prevail. If the NCD Holders require changing their nominations, they are requested to inform their respective Depository Participant.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may, thereafter, withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

Succession

Where NCDs are held in joint names and one of the joint NCD Holder dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for TCFSL to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on TCFSL to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the NCDs. In the event of demise of the sole or first holder of the NCDs, TCFSL will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the NCDs only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. Our Directors, the Board, any Committee of the Board or any other person authorised by the Board in their absolute discretion may, in any case, dispense with the requirement for production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach TCFSL to register his name as successor of the deceased NCD Holder. The NCD Holder shall approach the respective Depository Participant of the NCD Holder for this purpose and submit necessary documents as required by the Depository Participant. Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.
2. Proof that the non-resident Indian is an Indian national or is of Indian origin.

3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

Application in the Issue

NCDs being issued through this Tranche II Prospectus can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Tranche II Issue shall be made through the ASBA facility only.

In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the Secured NCDs in physical form will rematerialise the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Tranche II Issue Programme

| | |
|-----------------------------------|------------------------|
| TRANCHE II ISSUE OPENS ON | August 13, 2019 |
| TRANCHE II ISSUE CLOSES ON | August 23, 2019 |

The Tranche II Issue shall remain open for subscription on Working Days from 10:00 a.m. (IST) to 5:00 p.m. (IST), during the period indicated above, except that the Tranche II Issue may close on such earlier date or extended date as may be decided by the Board or the Working Committee, as the case may be. In the event of such an early closure of or extension of the Issue, TCFSL shall ensure that notice of such early closure or extension is given to the prospective investors through an advertisement in a national daily newspaper with wide circulation on or before such earlier date or initial date of Tranche II Issue closure.

Applications Forms for the Tranche II Issue will be accepted only from 10:00 a.m. (IST) to 5:00 p.m. (IST) or such extended time as may be permitted by the Stock Exchanges, on Working Days during the Tranche II Issue Period. On the Tranche II Issue Closing Date, Application Forms for the Tranche II Issue will be accepted only from 10:00 a.m. (IST) to 5:00 p.m. (IST) or such extended time as may be permitted by Stock Exchanges, on Working Days during the Tranche II Issue Period. On the Tranche II Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. (IST) to 3:00 p.m. (IST) and uploaded until 5:00 p.m. (IST) or such extended time as may be permitted by Stock Exchanges.

Due to limitation of time available for uploading the Applications on the electronic platform of the Stock Exchange on the Tranche II Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Tranche II Issue Closing Date and not later than 3.00 p.m. (IST) on the Tranche II Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Tranche II Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Tranche II Issue. Application Forms will only be accepted on Working Days during the Tranche II Issue Period. Neither TCFSL, nor the Designated Intermediary is liable for any failure in uploading the Applications due to failure in any software / hardware systems or otherwise. As per the SEBI circular regarding Issues Pertaining to Primary Issuance of Debt Securities bearing no. CIR/IMD/DF/18/2013 dated October 29, 2013, the allotment in the Tranche II Issue should be made on the basis of date of upload of each application into the electronic book of the Stock Exchange. However, on the date of oversubscription, the allotments should be made to the applicants on proportionate basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for re-materialisation of NCDs

NCD Holders who wish to hold the NCDs in physical form on account of re-materialization may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of the NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their PAN to TCFSL and the Depository Participant. No proposal for re-materialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such re-materialisation. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Restriction on transfer of NCDs

There are currently no restrictions on transfers and transmission of NCDs and on their consolidation/ splitting except as may be required under applicable statutory and/or regulatory requirements including any RBI requirements and/or as provided in our Articles of Association. Please see the section "*Summary of the Key Provisions of the Articles of Association*" on page 179 of the Shelf Prospectus.

Day Count Convention

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI circular regarding Issues Pertaining to Primary Issuance of Debt Securities bearing no. CIR/IMD/DF/18/2013 dated October 29, 2013 and regarding clarification on aspects related to day count convention for debt securities issued under the SEBI Debt Regulations bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments

Please see Annexure C of this Tranche II Prospectus for an illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI circular regarding "Issues Pertaining to Primary Issuance of Debt Securities" bearing no. CIR/IMD/DF/18/2013 dated October 29, 2013 and regarding "Clarification on Aspects Related to Day Count Convention for Debt Securities issued under the SEBI Debt Regulations" bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with, and is qualified in its entirety by more detailed information in the section "*General Terms of the Issue*" on page 89 of this Tranche II Prospectus.

TERMS AND CONDITIONS IN CONNECTION WITH THE NCDs

Common Terms of NCDs

| | |
|---|---|
| Issuer | Tata Capital Financial Services Limited |
| Lead Managers | Edelweiss Financial Services Limited, A.K. Capital Services Limited and Axis Bank Limited |
| Debenture Trustee | Vistra (ITCL) India Limited |
| Registrar to the Issue | Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited) |
| Type and nature of instrument | Secured Redeemable Non-Convertible Debentures and Unsecured Subordinated Redeemable Non-Convertible Debentures eligible for inclusion as Tier II capital. |
| Base Issue Size for the Tranche II Issue | ₹ 50,000 lakh |
| Option to retain Oversubscription Amount | Upto ₹ 362,600 lakh |
| Face Value (in ₹ / NCD) | ₹ 1,000 |
| Issue Price (in ₹ / NCD) | ₹ 1,000 |
| Minimum application In multiples of | ₹ 10,000 (10 NCDs) collectively across all the Options and in multiples of ₹ 1,000 (1 NCD) after the minimum application amount across all the Options in this Tranche II Issue. |
| Seniority | ₹ 1,000 (1 NCD) Senior (to clarify, the claims of the Secured NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The Secured NCDs would constitute secured obligations of ours and shall rank <i>pari passu inter se</i> , present and future and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first ranking <i>pari passu</i> charge on the identified immovable property and on identified book debts, loans and advances, and receivables, both present and future, of TCFSL. |
| Mode of Issue | No security will be created for Unsecured NCDs in the nature of Subordinated Debt. The rated, listed, redeemable Unsecured NCDs are in the nature of subordinated debt and will be eligible for Tier II Capital. Public Issue |
| Tranche II Issue | Public issue by TCFSL of Secured NCDs and Unsecured NCDs of face value of ₹ 1,000, for an amount aggregating up to ₹ 7,50,000 lakh (" Shelf Limit "), hereinafter referred to as the " Issue ". The Unsecured NCDs will be in the nature of Subordinated Debt and will be eligible for Tier II Capital. |
| Listing | Public issue by the Issuer of Secured NCDs up to ₹ 299,790 lakh and Unsecured NCDs up to ₹ 112,810 lakh, aggregating up to ₹ 412,600 lakh. BSE and NSE BSE shall be the Designated Stock Exchange for the Issue. |
| Lock-in | The NCDs shall be listed within 6 Working Days from the Tranche II Issue Closing Date. |
| Mode of Allotment and Trading | Not applicable |
| Mode of settlement | NCDs will be issued and traded compulsorily in dematerialised form. |
| Market / Trading Lot | Please see the section " <i>Issue Structure</i> " on page 96 of this Tranche II Prospectus. |
| Depositories | 1 (one) NCD |
| Security | NSDL and CDSL The principal amount of the Secured NCDs to be issued in terms of this Tranche II Issue together with all interest due on the Secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking <i>pari passu</i> charge on the identified immovable property and on identified book debts, loans and advances, and receivables, both present and future, of TCFSL. |

| Who can apply/ Eligible Investors Credit Ratings | TCFSL has created the security for the Secured NCDs in favour of the Debenture Trustee for the NCD Holders on the assets to ensure 100% security cover of the amount outstanding in respect of the Secured NCDs, including interest thereon, at any time. For further details please see the sub-section "Security" on page 108 of this Tranche II Prospectus. | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---------------------|--|-----------------|-------------------|--|---------------|------------|---------------|------------------------------|--------------|-------------------|----------------|--|---------------------|--|-----------------|--------|----------------------|--|------------------|--|-----------------|
| | Please see the section "Issue Procedure" on page 110 of this Tranche II Prospectus. | | | | | | | | | | | | | | | | | | | | | | |
| | <table><tr><th>Rating agency</th><th>Instrument</th><th>Rating symbol</th><th>Date of credit rating letter</th><th>Amount rated</th><th>Rating definition</th></tr><tr><td>CRISIL Limited</td><td>Secured NCDs and Unsecured Subordinated NCDs</td><td>CRISIL AAA / Stable</td><td>August 15, 2018, revalidated by letter dated August 27, 2018 and further revalidated by letter dated July 25, 2019</td><td>₹ 7,50,000 lakh</td><td>Stable</td></tr><tr><td>CARE Ratings Limited</td><td>Secured NCDs and Unsecured Subordinated NCDs</td><td>CARE AAA; Stable</td><td>August 14, 2018, revalidated by letter dated August 27, 2018 and further revalidated by letter dated July 26, 2019</td><td>₹ 7,50,000 lakh</td><td>Stable</td></tr></table> | | | | | | Rating agency | Instrument | Rating symbol | Date of credit rating letter | Amount rated | Rating definition | CRISIL Limited | Secured NCDs and Unsecured Subordinated NCDs | CRISIL AAA / Stable | August 15, 2018, revalidated by letter dated August 27, 2018 and further revalidated by letter dated July 25, 2019 | ₹ 7,50,000 lakh | Stable | CARE Ratings Limited | Secured NCDs and Unsecured Subordinated NCDs | CARE AAA; Stable | August 14, 2018, revalidated by letter dated August 27, 2018 and further revalidated by letter dated July 26, 2019 | ₹ 7,50,000 lakh |
| Rating agency | Instrument | Rating symbol | Date of credit rating letter | Amount rated | Rating definition | | | | | | | | | | | | | | | | | | |
| CRISIL Limited | Secured NCDs and Unsecured Subordinated NCDs | CRISIL AAA / Stable | August 15, 2018, revalidated by letter dated August 27, 2018 and further revalidated by letter dated July 25, 2019 | ₹ 7,50,000 lakh | Stable | | | | | | | | | | | | | | | | | | |
| CARE Ratings Limited | Secured NCDs and Unsecured Subordinated NCDs | CARE AAA; Stable | August 14, 2018, revalidated by letter dated August 27, 2018 and further revalidated by letter dated July 26, 2019 | ₹ 7,50,000 lakh | Stable | | | | | | | | | | | | | | | | | | |
| Tranche II Issue Size | Please refer to Annexures A and B of this Tranche II Prospectus for rating letters and rationale for the above ratings. Please refer to the disclaimer clauses of CRISIL Limited and CARE Ratings Limited under the section "General Information" on page 12 of this Tranche II Prospectus. | | | | | | | | | | | | | | | | | | | | | | |
| | The Base Issue size of Tranche II Issue is ₹ 50,000 lakh with an option to retain oversubscription up to the Residual Shelf Limit. | | | | | | | | | | | | | | | | | | | | | | |
| Pay-in date | Application Date. The entire Application Amount is payable on Application. | | | | | | | | | | | | | | | | | | | | | | |
| Application Amount | The entire Application Amount is payable on submitting the Application. | | | | | | | | | | | | | | | | | | | | | | |
| Record Date | 15 days prior to the date of payment of interest, and/or the date of redemption for NCDs issued under the relevant Tranche Prospectus, or as may be otherwise prescribed by the Stock Exchanges. In case the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by TCFSL to the Stock Exchanges shall be considered as Record Date. | | | | | | | | | | | | | | | | | | | | | | |
| Objects of the Issue Details of the utilisation of Issue proceeds | Please see the section titled "Objects of the Issue" on page 76 of this Tranche II Prospectus. | | | | | | | | | | | | | | | | | | | | | | |
| | Please see the section titled "Objects of the Issue" on page 76 of this Tranche II Prospectus. | | | | | | | | | | | | | | | | | | | | | | |
| Coupon rate, coupon payment date and redemption premium/discount | Please see the section titled "Issue Structure" beginning on page 96 of this Tranche II Prospectus. | | | | | | | | | | | | | | | | | | | | | | |
| Step up/ Step down interest rates | N.A. | | | | | | | | | | | | | | | | | | | | | | |
| Interest type | Fixed | | | | | | | | | | | | | | | | | | | | | | |
| Interest reset process | N.A. | | | | | | | | | | | | | | | | | | | | | | |
| Tenor | Please see the section titled "Issue Structure" beginning on page 96 of this Tranche II Prospectus. | | | | | | | | | | | | | | | | | | | | | | |
| Coupon payment frequency | Annual | | | | | | | | | | | | | | | | | | | | | | |
| Redemption date | Shall mean three years from the Deemed Date of Allotment for Option I NCDs; five years from the Deemed Date of Allotment for Option II NCDs; eight years from the Deemed Date of Allotment for Option III NCDs and ten years from the Deemed Date of Allotment for Option IV NCDs. | | | | | | | | | | | | | | | | | | | | | | |
| Redemption Amount Day count convention Working Days convention/Day | If the Redemption Date/ Maturity Date of any Option of the NCDs falls on a day that is not a Working Day, the redemption/ maturity proceeds shall be paid on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment. | | | | | | | | | | | | | | | | | | | | | | |
| | The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date. | | | | | | | | | | | | | | | | | | | | | | |
| | Actual/Actual basis | | | | | | | | | | | | | | | | | | | | | | |
| | Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Tranche II Issue Period, where Working Days shall mean all days, excluding Saturdays | | | | | | | | | | | | | | | | | | | | | | |

| | |
|--|---|
| count convention / Effect of holidays on payment | <p>Sundays and public holiday in India. Furthermore, for the purpose of post issue period, i.e. period beginning from Tranche II Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays in Mumbai as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.</p> <p>Interest shall be computed on an actual/actual basis i.e. on the principal outstanding on the NCDs as per SEBI Circular regarding clarification on aspects related to day count convention for debt securities issued under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.</p> <p>If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on a succeeding Working Day; however, the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until, but, excluding the date of such payment.</p> |
| Tranche II Issue Opening Date | August 13, 2019 |
| Tranche II Issue Closing Date | <p>August 23, 2019</p> <p>*The Tranche II Issue shall remain open for subscription on Working Days from 10 a.m. (IST) to 5 p.m. (IST) during the period indicated above, except that the Tranche II Issue may close on such earlier date or extended date as may be decided by the Board or the Working Committee, as the case may be. In the event of an early closure or extension of the Tranche II Issue, TCFSL shall ensure that notice of the same is provided to the prospective investors through an advertisement in a daily national newspaper with wide circulation on or before such earlier or initial date of Tranche II Issue closure. On the Tranche II Issue Closing Date, the Application Forms for Tranche II Issue will be accepted only between 10 a.m. (IST) and 3 p.m. (IST) and uploaded until 5 p.m. (IST) or such extended time as may be permitted by the Stock Exchanges.</p> |
| Default interest rate | In the event of any default in fulfillment of obligations by TCFSL under the Debenture Trust Deed, the default interest rate payable to the applicant shall be as prescribed under the Debenture Trust Deed. |
| Put / Call Option Date / Price | Not applicable. |
| Deemed Date of Allotment | The date on which the Board or the Working Committee approves the Allotment of the NCDs for the Tranche II Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs, including interest on NCDs, shall be available to the Debenture holders from the Deemed Date of Allotment. |
| Transaction documents | Issue Agreement dated August 14, 2018 and further amended by agreement dated August 02, 2019 between TCFSL and the Lead Managers; Registrar Agreement dated August 14, 2018 and further amended by agreement dated August 02, 2019 with the Registrar to the Issue; Public Issue Account Agreement dated August 02, 2019 with the Public Issue Account Bank / Refund Banks; Consortium Agreement dated August 29, 2018 and further amended by agreement dated August 02, 2019 with the Consortium Members; Debenture Trustee Agreement dated August 14, 2018 executed between TCFSL and the Debenture Trustee and the Debenture Trust Deed dated September 10, 2018 executed between TCFSL and the Debenture Trustee. For further details, please see section " <i>Material Contracts and Documents for Inspection</i> " on page 146 of this Tranche II Prospectus. |
| Conditions precedent and subsequent to the disbursement | Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent and subsequent to disbursement. |
| Events of default | Please see the section " <i>Issue Structure-Events of default</i> " on page 108 of this Tranche II Prospectus. |
| Cross Default | Please see the section " <i>Issue Structure-Events of default</i> " on page 108 of this Tranche II Prospectus. |
| Roles and responsibilities of the Debenture Trustee | Please see the sections " <i>Terms of the Issue-Trustees for the NCD Holders</i> " on page 108 of this Tranche II Prospectus. |
| Governing law and jurisdiction | The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Mumbai. |

SPECIFIC TERMS FOR EACH OPTION OF THE NCDs

We are offering NCDs which shall have a fixed rate of interest. The NCDs will be issued at a face value of ₹ 1,000 per NCD. Interest on the NCDs shall be payable in the manner, as set out hereinafter. The terms of the NCDs offered pursuant to the Tranche II Issue are as follows:

| Options/Series | I | II | III | IV |
|---|--|-----------------|-----------------|------------------------|
| Frequency of Interest Payment | Annual | Annual | Annual | Annual |
| Who can apply | All category of investors can subscribe to all Options of NCDs | | | |
| Minimum Application | ₹ 10,000 (across all Options collectively) | | | |
| In multiples of thereafter | ₹ 1,000 (1 NCD) | ₹ 1,000 (1 NCD) | ₹ 1,000 (1 NCD) | ₹ 1,000 (1 NCD) |
| Face Value of NCDs (₹ / NCD) | ₹ 1,000 | ₹ 1,000 | ₹ 1,000 | ₹ 1,000 |
| Issue Price (₹ / NCD) | ₹ 1,000 | ₹ 1,000 | ₹ 1,000 | ₹ 1,000 |
| Tenor from Deemed Date of Allotment | 3 years | 5 years | 8 years | 10 years |
| Coupon Rate | | | | |
| Category I and Category II | 8.35% | 8.40% | 8.55% | 8.75% |
| Category III and Category IV | 8.45% | 8.50% | 8.65% | 8.85% |
| Effective Yield (Per annum) | | | | |
| Category I and Category II | 8.34% | 8.39% | 8.54% | 8.74% |
| Category III and Category IV | 8.44% | 8.49% | 8.64% | 8.84% |
| Mode of Interest Payment | Through various options available | | | |
| Redemption Amount (₹ / NCD) | ₹ 1,000 | ₹ 1,000 | ₹ 1,000 | ₹ 1,000 |
| Maturity Date (From Deemed Date of Allotment) | 3 years | 5 years | 8 years | 10 years |
| Nature of indebtedness | Secured | Secured | Secured | Unsecured Subordinated |

Note: Our Company would allot the Option I NCDs, as specified in this Tranche II Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Option of NCDs

Interest and Payment of Interest

The relevant interest for each Option will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs. The last interest payment will be made at the time of redemption of the NCDs.

Interest payment

1. In case of Option I NCDs, interest would be paid on an annual basis at 8.35% to Category I and Category II investors and on an annual basis at 8.45% to Category III and Category IV investors. Option I NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 3 years from the Deemed Date of Allotment.
2. In case of Option II NCDs, interest would be paid on an annual basis at 8.40% to Category I and Category II investors and on an annual basis at 8.50% to Category III and Category IV investors. Option II NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 5 years from the Deemed Date of Allotment.
3. In case of Option III NCDs, interest would be paid on an annual basis at 8.55% to Category I and Category II investors and on an annual basis at 8.65% to Category III and Category IV investors. Option III NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 8 years from the Deemed Date of Allotment.
4. In case of Option IV NCDs, interest would be paid on an annual basis at 8.75% to Category I and Category II investors and on an annual basis at 8.85% to Category III and Category IV investors. Option IV NCDs shall be redeemed at the Face Value thereof along with the interest accrued thereon, if any, at the end of 10 years from the Deemed Date of Allotment.

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on a succeeding Working Day; however, the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force.

In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until, but, excluding the date of such payment.

Taxation

As per clause (ix) of Section 193 of the IT Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

However, in case of NCDs held in physical form on account of re-materialization, as per the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor, if such interest does not exceed ₹ 5,000 in any financial year. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However, in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No. 13. The aforesaid documents, as may be applicable, should be submitted at the office of the Registrar quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, at least seven days prior to the Record Date to ensure non-

deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/15G/certificate, in original, to the Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

Tax exemption certificate/document, if any, must be lodged at the office of the Registrar to the Issue at least seven days prior to the Record Date or as specifically required, failing which, tax applicable on interest will be deducted at source on accrual thereof in TCFSL's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

Payment of Interest

The relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs and the last interest payment under the Options will be made at the time of redemption of the NCDs.

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however, the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per the IT Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Interest shall be computed on an actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular regarding clarification on aspects related to day count convention for debt securities issued under the SEBI Debt Regulations bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Mode of payment of Interest to NCD Holders

Payment of interest will be made: (i) in case of NCDs in dematerialised form, to the persons who for the time being appear in the register of beneficial owners of the NCDs as per the Depositories as on the Record Date; and (ii) in case of NCDs in physical form on account of re-materialization, to the persons whose names appear in the register of debenture holders maintained by us (or to first holder in case of joint-holders) as on the Record Date.

TCFSL may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the NCD Holders. In such cases, interest on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

TCFSL may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to effect payments to NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. For further details, please see the section "*Issue Structure - Manner of Payment of Interest / Refund / Redemption*" on page 102 of this Tranche II Prospectus.

Maturity and Redemption

The relevant interest will be paid in the manner set out in the section titled "*Issue Structure- Payment of Interest*" at page 101. The last interest payment will be made at the time of redemption of the NCD.

| Options | Maturity period/Redemption (as applicable) |
|----------------|---|
| I | 3 years from the Deemed Date of Allotment |
| II | 5 years from the Deemed Date of Allotment |
| III | 8 years from the Deemed Date of Allotment |
| IV | 10 years from the Deemed Date of Allotment |

Deemed Date of Allotment

The Deemed Date of Allotment shall be the date on which the Board or the Working Committee approves the Allotment of the NCDs for the Tranche II Issue. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs, including interest on NCDs, shall be available to the Debenture holders from the Deemed Date of Allotment.

Application Size

Each application should be for a minimum of 10 NCDs and in multiples of 1 NCD thereafter (for all options of NCDs, namely Option I, Option II, Option III and Option IV either taken individually or collectively). The minimum application size for each application for NCDs would be ₹ 10,000 and in multiples of ₹ 1,000 thereafter.

Applicants are advised to ensure that Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price per NCD, as specified in this Tranche II Prospectus, is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, TCFSL shall unblock the excess amount paid on application to the applicant in accordance with the terms of this Tranche II Prospectus.

Record Date

15 days prior to the date of payment of interest, and/or the date of redemption for NCDs issued under the Tranche II Prospectus, or as may be otherwise prescribed by the Stock Exchanges. In case the Record Date falls on a Sunday or holiday of Depositories, the succeeding working day or a date notified by TCFSL to the Stock Exchanges shall be considered as Record Date.

Manner of Payment of Interest / Refund / Redemption

The manner of payment of interest / refund / redemption in connection with the NCDs is set out below:

For NCDs held in electronic form

The bank details will be obtained from the Depositories for payment of interest / refund / redemption, as the case may be. Applicants who have applied for or are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to the applicant at the applicant's sole risk, and neither the Lead Managers, TCFSL nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

In case of refunds, the Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to be refunded to the Applicants.

For NCDs held in physical form on account of re-materialization

The bank details will be obtained from the Registrar to the Issue for payment of interest / refund / redemption, as the case may be.

Note: In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer.

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

1. **Direct Credit**

Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.

2. **NACH**

National Automated Clearing House ("**NACH**") which is a consolidated system of ECS. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition ("**MICR**") code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

3. **RTGS**

Applicants having a bank account with a participating bank and whose interest payment/ refund/ redemption amounts exceed ₹ 200,000, or such amount as may be fixed by RBI from time to time, have the option to receive refund through RTGS. Such eligible Applicants who indicate their preference to receive interest payment/ refund/ redemption through RTGS are required to provide the IFSC code in the Application Form or intimate TCFSL and the Registrar to the Issue at least seven days prior to the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment/ refund/ redemption shall be made through NACH subject to availability of complete bank account details for the same as stated above.

4. **NEFT**

Payment of interest/ refunds/ redemption shall be undertaken through NEFT wherever the Applicants' banks have been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a Magnetic Ink Character Recognition ("**MICR**"), if any, available to that particular bank branch. The IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/ refund/ redemption will be made to the applicants through this method.

5. **Registered Post/Speed Post**

For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through speed post/ registered post.

Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), (4) and (5) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

Please note that TCFSL shall not be responsible to the holder of NCDs, for any delay in receiving credit of interest / refund / redemption so long as TCFSL has initiated the process of such request in time.

Printing of Bank Particulars on Interest Warrants

As a matter of precaution against possible fraudulent encashment of interest / redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs applied held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form either on account of re-materialisation or transfer, the NCD Holders are advised to submit their bank account details with TCFSL / Registrar to the Issue at least seven days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the NCD Holders as available in the records of TCFSL either through speed post or registered post.

Bank account particulars will be printed on the orders / warrants which can then be deposited only in the account specified.

Loan against Secured NCDs

As per the RBI circular regarding Raising Money through Private Placement by NBFCs-Debentures bearing no. DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013, TCFSL is not permitted to extend loans against the security of its debentures issued by way of private placement or public issues. However, if the RBI subsequently permits the extension of loans by NBFCs against the security of its debentures issued by way of private placement or public issues, TCFSL may consider granting loans against the security of such NCDs, subject to terms and conditions as may be decided by TCFSL at the relevant time, in compliance with applicable law.

Buy Back of NCDs

TCFSL may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, effect a buy-back of the NCDs, upon such terms and conditions as may be decided by TCFSL.

TCFSL may, from time to time, invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as TCFSL may determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Form and Denomination of Secured NCDs

In case of Secured NCDs held in physical form on account of re-materialization, a single certificate will be issued to the NCD Holder for the aggregate amount of the Secured NCDs held ("**Consolidated Certificate**"). The Applicant can also request for the issue of NCD certificates in denomination of one Secured NCD ("**Market Lot**"). In case of Secured NCDs held under different Options by a NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the Secured NCDs held under each Option.

It is, however, distinctly to be understood that the Secured NCDs pursuant to this Tranche II Issue shall be traded only in dematerialised form.

In respect of Consolidated Certificates, only upon receipt of a request from the NCD Holder, the Consolidated Certificates would be split into smaller denominations, subject to the minimum of Market Lot. No fee would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate, which would then be treated as cancelled.

Form and Denomination of Unsecured NCDs

In case of Unsecured NCDs held in physical form on account of re-materialization, a single certificate will be issued to the NCD Holder for the aggregate amount of the Unsecured NCDs held ("**Consolidated Certificate**"). The Applicant can also request for the issue of NCD certificates in denomination of one Unsecured NCD ("**Market**").

Lot"). In case of Unsecured NCDs held under different Options by a NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the Unsecured NCDs held under each Option.

It is, however, distinctly to be understood that the Unsecured NCDs pursuant to this issue shall be traded only in dematerialised form.

In respect of Consolidated Certificates, only upon receipt of a request from the NCD Holder, the Consolidated Certificates would be split into smaller denominations, subject to the minimum of Market Lot. No fee would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate, which would then be treated as cancelled.

Procedure for Redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization:

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. However, TCFSL may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificates) be surrendered for redemption on maturity and should be sent by the NCD Holders by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holders may be requested to surrender the NCD certificates in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

TCFSL may, at its discretion, redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case TCFSL decides to do so, the holders of NCDs need not submit the NCD certificates to TCFSL and the redemption proceeds would be paid to those NCD Holders, whose names stand in the register of debenture holders maintained by it on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see the section titled “*Payment on Redemption*” given below.

NCDs held in electronic form:

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below*.

NCDs held in physical form on account of re-materialization:

The payment on redemption of the NCDs will be made by way of cheque / pay order / electronic modes. However, if TCFSL so requires, the aforementioned payment would only be made on the surrender of NCD certificates, duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the NCD certificates). Dispatch of cheques/ pay orders, etc. in respect of such payment will be made on the redemption date or (if so requested by TCFSL in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case TCFSL decides to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by TCFSL on the Record Date fixed for the purpose of Redemption. Hence, the transferees, if any, should ensure lodgment of the transfer documents with us at least seven days prior to the Record Date. In case the transfer

documents are not lodged with TCFSL at least seven days prior to the Record Date and the redemption proceeds are dispatched to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties *inter se* and no claim or action shall lie against TCFSL or the Registrar to the Issue.

The liability of TCFSL to NCD Holders towards their rights, including for payment or otherwise, shall stand extinguished from the redemption in all events when TCFSL dispatches the redemption amounts to the NCD Holders.

Further, TCFSL will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCDs.

NCDs held in electronic form:

On the redemption date, redemption proceeds would be paid by cheque / pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

The liability of TCFSL to NCD Holders towards his / their rights including for payment / redemption in all events shall end when TCFSL dispatches the redemption amounts to the NCD Holders.

Further, TCFSL will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCDs.

Note: In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 1,837.5, then the amount shall be rounded off to ₹ 1,838.

Transfer/Transmission of NCD(s)

For NCDs held in physical form on account of re-materialization:

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013 applicable as on the date of this Tranche II Prospectus and all other applicable laws including FEMA and the rules and regulations thereunder. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles, the Companies Act, 2013 applicable as on the date of this Tranche II Prospectus, and all applicable laws including FEMA and the rules and regulations thereunder, shall apply, *mutatis mutandis* (to the extent applicable to debentures) to the NCDs as well. In respect of the NCDs held in physical form on account of re-materialization, a common form of transfer shall be used for the same.

For NCDs held in dematerialized form:

The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules / procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor and the transferee and any other applicable laws and rules notified in respect thereof. The transferees should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid / redemption will be made to the person, whose name appears in the register of debenture holders or the records as maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferors and not with TCFSL or Registrar.

In case the transferee does not have a Depository Participant account, the transferor can rematerialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter, these NCDs can be transferred in the manner as stated above for transfer of NCDs held in physical form.

Title

In case of:

- (a) NCDs held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depository; and
- (b) the NCDs held in physical form on account of re-materialization, the person for the time being appearing in the register of NCD Holders shall be treated for all purposes by TCFSL, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificates issued in respect of the NCDs and no person will be liable for so treating the NCD Holder.

No transfer of title of a NCD will be valid unless and until entered in the register of NCD Holders or the register of beneficial owners maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or maturity amount, as the case may be, will be paid to the person, whose name appears first in the register of the NCD Holders maintained by the Depositories and/or TCFSL and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with TCFSL or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of TCFSL's shares contained in the Articles of Association of TCFSL and the Companies Act, 1956 / the relevant provisions of the Companies Act, 2013 applicable as on the date of this Tranche II Prospectus shall apply, *mutatis mutandis* (to the extent applicable) to the NCD(s) as well.

Common form of transfer

TCFSL undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws including the FEMA and the rules and regulations thereunder shall be duly complied with in respect of all transfer of debentures and registration thereof.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Sharing of information

TCFSL may, at its option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with TCFSL or the Registrar to the Issue and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither TCFSL or its affiliates, nor its agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holders required to be given by us or the Debenture Trustee will be sent by speed post or registered post or through email or other electronic media to the registered NCD Holders, from time to time.

Issue of duplicate NCD Certificate(s) issued in physical form

If NCD certificate(s) is / are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost, then upon production of proof thereof to our satisfaction and upon furnishing such indemnity / security and/or documents as TCFSL may deem adequate, duplicate NCD certificates shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Security

The principal amount of the Secured NCDs to be issued in terms of this Tranche II Prospectus together with all interest due on the Secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge on the identified immovable property and on identified book debts, loans and advances, and receivables, both present and future, of TCFSL.

TCFSL will ensure 100% security cover of the amount outstanding in respect of Secured NCDs, including interest thereon, at any time.

TCFSL has entered into Debenture Trust Deed, the terms of which govern the appointment of the Debenture Trustee and the issue of the NCDs. TCFSL will utilize the funds only upon receipt of listing and trading approval from the Stock Exchanges.

Under the terms of the Debenture Trust Deed, TCFSL has covenanted with the Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs on the rate specified in this Tranche II Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed also provides that TCFSL may withdraw any portion of the security and replace with another asset of the same or a higher value.

Trustees for the NCD Holders

TCFSL has appointed Vistra (ITCL) India Limited to act as the Debenture Trustees for the NCD Holders. The Debenture Trustee and TCFSL have executed a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holders shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holders. Any payment made by us to the Debenture Trustee on behalf of the NCD Holders shall discharge us *pro tanto* to the NCD Holders.

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so directed by the NCD Holders representing at least 51% in value of the outstanding amount of the NCDs, either in writing or with the sanction of a resolution passed at a meeting of the NCD Holders, give notice to TCFSL specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice, *inter alia*, if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed:

- (a) default is committed in payment of the principal amount of the NCDs on the due date(s); and
- (b) default is committed in payment of any interest on the NCDs on the due date(s).

Lien

As per the RBI circular regarding 'Raising Money through Private Placement by NBFCs – Debentures' bearing no. DNBD(PD) CC No. 330/03.10.001/2012-13 dated June 27, 2013, TCFSL is not permitted to extend loans

against the security of its debentures issued by way of private placement or public issues. TCFSL shall have the right of set-off and lien, present as well as future, on the moneys due and payable to the NCD Holders or deposits held in the account of the NCD Holders, whether in single name or joint name, to the extent of all outstanding dues by the NCD Holders to TCFSL, subject to applicable law.

Lien on pledge of NCDs

TCFSL may, at its discretion, note a lien on pledge of NCDs if such pledge of NCD is accepted by any third party bank/institution or any other person for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding, subject to applicable law.

Future Borrowings

TCFSL shall be entitled to make further issue of secured or unsecured debentures and/or raise term loans or raise further funds from time to time from any persons, banks, financial institutions or bodies corporate or any other agency without the consent of, or notification to or consultation with the holder of NCDs or the Debenture Trustee by creating a charge on any assets, provided the stipulated security cover is maintained.

ISSUE PROCEDURE

This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018, which provides, inter-alia, that for all public issues of debt securities opening on or after October 1, 2018, all Applicants shall mandatorily use the ASBA facility for participating in the Issue. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. An amount equivalent to the full Application Amount will be blocked by the SCSBs in the relevant ASBA Accounts.

Applicants should note that they may submit their Applications to the Designated Intermediaries.

Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Tranche II Prospectus.

Please note that this section has been prepared based on the SEBI Circular bearing no. CIR/IMD/DF-1/20/2012 dated July 27, 2012 regarding "system for making application to public issue of debt securities as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 ("Debt Application Circular") issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI ("Debt ASBA Circular"). The procedure mentioned in this section is subject to the Stock Exchanges putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by Stock Exchanges and accordingly, is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Tranche II Issue.

PLEASE NOTE THAT ALL THE DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS TRANCHE II ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THIS TRANCHE II PROSPECTUS, THE TRANCHE II ISSUE OPENING DATE AND THE TRANCHE II ISSUE CLOSING DATE.

THE MEMBERS OF THE SYNDICATE AND TCFSL SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF SUCH DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS TRANCHE II ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGES. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GREIVANCES ARISING FROM APPLICATIONS THROUGH DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that for the purposes of this section, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Tranche II Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India. . Furthermore, for the purpose of post issue period, i.e. period beginning from Tranche II Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of the Stock Exchange excluding Sundays and bank holidays in Mumbai as per the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018.

Who can apply?

The following categories of persons are eligible to apply in the Tranche II Issue.

Category I

- Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds and pension funds with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Mutual funds registered with SEBI;
- Resident Venture Capital Funds/Alternative Investment Funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Systemically Important Non-Banking Financial Company registered with the RBI and having a net-worth of more than ₹ 50,000 lakh as per the last audited financial statements; and
- National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.

Category II

- Companies within the meaning of Section 2(20) of the Companies Act, 2013; statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Co-operative banks and regional rural banks;
- Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009).
- Association of persons; and
- Any other incorporated and/ or unincorporated body of persons.

Category III

High Net-worth Individual Investors ("**HNIs**") - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Tranche II Issue.

Category IV

Retail Individual Investors - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10,00,000 across all options of NCDs in the Tranche II Issue.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Tranche II Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Tranche II Issue.

The information below is given for the benefit of Applicants. TCFSL and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Tranche II Prospectus.

How to apply?

Availability of the Shelf Prospectus, this Tranche II Prospectus, Abridged Prospectus and Application Forms

Copies of the Abridged Prospectus containing the salient features of the Shelf Prospectus, this Tranche II Prospectus together with Application Forms and copies of the Shelf Prospectus and this Tranche II Prospectus may be obtained from our Registered Office, the Lead Managers, the Registrar, the Designated Intermediaries and the Designated Branches of the SCSBs. Additionally, the Shelf Prospectus, this Tranche II Prospectus and the Application Forms will be available:

- (i) for download on the website of BSE at www.bseindia.com, the website of the NSE at www.nseindia.com, and the website of the Lead Managers at www.akgroup.co.in, www.edelweissfin.com and www.axisbank.com; and
- (ii) at the designated branches of the SCSB and the Designated Intermediaries at the Specified Locations.

Electronic Application Forms will also be available on the website of the Stock Exchanges. A unique application number ("UAN") will be generated for every Application Form downloaded from the websites of the Stock Exchange. A hyperlink to the website of the Stock Exchange for this facility will be provided on the website of the Lead Managers and the SCSBs. Further, Application Forms will also be provided to Designated Intermediaries at their request.

Methods of Application

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized Stock Exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the Debt Application Circular, directed recognized Stock Exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchange. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online Applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Tranche II Issue.

Applicants can submit their Applications through the ASBA process by submitting the Application Forms in physical mode to the SCSB with whom the ASBA Account is maintained or through the Designated Intermediaries, prior to or on the Tranche II Issue Closing Date. **Applications through the Designated Intermediaries are permitted only at the Syndicate ASBA Application Locations.** Kindly note that Application Forms submitted by Applicants to Designated Intermediaries at the Syndicate ASBA Application Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained, has not named at least one branch at that location for the Designated Intermediaries to deposit the Application Form (A list of such branches is available at <http://www.sebi.gov.in>). The Designated Intermediaries shall accept Applications only at the Syndicate ASBA Application Locations and should ensure that they verify the details about the ASBA Account and relevant SCSB prior to accepting the Application Form.

Designated Intermediaries shall, upon receipt of physical Application Forms from Applicants, upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained in accordance with the Debt Application Circular.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be Designated Intermediaries at the Syndicate ASBA Application Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

TCFSL, its Directors, associates and their respective directors and officers, Lead Managers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs and Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to the Issue should be made by Applicants directly to the Stock Exchange.

Designated Intermediaries are also required to ensure that the Applicants are competent to contract under the Indian Contract Act, 1872 including minors applying through guardians, at the time of acceptance of the Application Forms.

Application Size

Each application should be for a minimum of 10 NCDs and in multiples of 1 NCD thereafter (for all options of NCDs, namely Option I, Option II, Option III and Option IV either taken individually or collectively). The minimum application size for each application for NCDs would be ₹ 10,000 and in multiples of ₹ 1,000 thereafter.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by mutual funds

Pursuant to the SEBI circular regarding mutual funds bearing no. SEBI/HO/IMD/DF2/CIR/P/2017/14 dated February 22, 2017 (“**SEBI Circular 2017**”), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 15% of net assets value of scheme shall be allowed only by way of increase exposure to towards HFCs. Further, the group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value and single issuer limit is 10% extendable to 25.0% of net assets value (extendable to 12% of net assets value, after trustee approval).

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (iii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, TCFSL reserves the right to accept or reject any Application from a mutual fund for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Application by scheduled commercial banks, co-operative banks and RRBs

Scheduled Commercial Banks, Co-operative Banks and RRBs can apply in the Tranche II Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) a board resolution authorising investments; and (ii) a letter of authorisation. Failing this, TCFSL reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Application by non-banking financial companies

Non-banking financial companies can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) their memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investments; and (iv) specimen signatures of authorised signatories. Failing this, TCFSL reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Application by insurance companies

In case of Applications made by an insurance company, a certified copy of its certificate of registration issued by Insurance Regulatory Development Authority must be lodged along with Application Form. The Applications must be accompanied by certified copies of (i) its memorandum and articles of association; (ii) a power of attorney (iii) a resolution authorising investment and containing operating instructions; and (iv) specimen signatures of authorized signatories. **Failing this, TCFSL reserves the right to accept or reject any Application for Allotment in whole or in part, in either case, without assigning any reason therefor.**

Pursuant to SEBI Circular regarding Application Supported by Blocked Amount (ASBA) facility in public/ rights issue bearing no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications

Applications by Alternative Investments Funds

Applications made by 'alternative investment funds' eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "SEBI AIF Regulations") for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. **Failing this, TCFSL reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, Applicants must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Tranche II Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. **Failing this, TCFSL reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by public financial institutions or statutory corporations, which are authorized to invest in the NCDs.

The Application must be accompanied by certified true copies of: (i) Any act / rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

Failing this, TCFSL reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications made by companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of: (i) Any act / Rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

Failing this, TCFSL reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the Board of Directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, TCFSL reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008.

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant. **Failing this, TCFSL reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.**

Applications under a power of attorney by limited companies, corporate bodies and registered societies

In case of Applications made pursuant to a power of attorney by Applicants from Category I, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form. **Failing this, TCFSL reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

In case of Applications made pursuant to a power of attorney by Applicants from Category II and Category III, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of physical Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. **Failing this, TCFSL, in consultation with the Lead Managers, reserves the right to reject such Applications.**

TCFSL, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that TCFSL and the Lead Managers may deem fit.

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any act / rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund / trust; and (vi) any tax exemption certificate issued by Income Tax authorities.

Failing this, TCFSL reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.
Applications by National Investment Funds

Application made by a National Invest Fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. **Failing this, TCFSL reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.**

Applications cannot be made by:

- (a) Minors without a guardian name* (A guardian may apply on behalf of a minor. However, the name of the guardian will also need to be mentioned on the Application Form);
- (b) Foreign nationals;
- (c) Persons resident outside India;
- (d) Foreign Institutional Investors;
- (e) Foreign Portfolio Investors;
- (f) Non Resident Indians;
- (g) Qualified Foreign Investors;
- (h) Overseas Corporate Bodies;
- (i) Foreign Venture Capital Funds;
- (j) Persons ineligible to contract under applicable statutory/ regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

In case of Applications for Allotment of the NCDs in dematerialised form, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchanges by the Designated Intermediaries.

Payment instructions

An Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. Upon receipt of an intimation from the Registrar to the Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Public Issue Account Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 6 (six) Working Days of the Tranche II Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Tranche II Issue or until rejection of the Application, as the case may be.

Additional information for Applicants

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.
2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.
3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Designated Intermediary or the relevant Designated Branch, they are liable to be rejected.
4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

Applicants are advised not to submit Application Forms to Escrow Collection Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Filing of the Tranche II Prospectus with the RoC

A copy of this Tranche II Prospectus shall be filed with the RoC in accordance with Section 26 and Section 31 of the Companies Act, 2013.

Pre-Issue Advertisement

TCFSL will issue a statutory advertisement on or before the Tranche II Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI Debt Regulations and Section 30 of the Companies Act, 2013. Material updates, if any, between the date of filing of this Tranche II Prospectus with the RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

Instructions for completing the Application Form

- (a) Applications must be made in the prescribed Application Form.
- (b) Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Draft Shelf Prospectus, the Shelf Prospectus, this Tranche II Prospectus and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Designated Intermediaries, will not be liable for errors in data entry due to incomplete or illegible Application Forms.
- (c) Applications are required to be for a minimum of such NCDs and in multiples of one NCD thereafter as specified in this Tranche II Prospectus.
- (d) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- (e) Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details and Applications should be made by Karta in case the Applicant is an HUF. Applicants are required to ensure that the PAN Details of the HUF are mentioned and not those of the Karta.
- (f) Applicants applying for Allotment must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries at the Syndicate ASBA Application Locations, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.
- (g) Applicants must ensure that their Application Forms are:
 - (i) made in a single name; and
 - (ii) completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Shelf Prospectus, this Tranche II Prospectus and in the Application Form.
- (h) If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.
- (i) All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.

- (j) Applications for all the Options of the NCDs may be made in a single Application Form only.

Applicants should note that neither the Lead Managers, the Designated Intermediaries, Public Issue Bank nor Designated Branches, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms. TCFSL would allot the NCDs, as specified in this Tranche II Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDs SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID and PAN provided by them in the Application Form, the Registrar will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in dispatch / credit of refunds to Applicants or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Designated Intermediaries, nor the Registrar, nor the Public Issue Account Bank, nor the SCSBs, nor TCFSL shall have any responsibility and undertake any liability for the same.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchanges by the Designated Intermediaries or the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and TCFSL, and the Designated Intermediaries shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the allotment advices or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar except in relation to the Tranche II Issue.

By signing the Application Form, Applicants applying for the NCDs would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Allotment advices would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of allotment advices may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither TCFSL, the Public Issue Account Bank/Refund Bank, Registrar nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Tranche II Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under Powers of Attorney, TCFSL in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the allotment advices through speed post or registered post, the Demographic Details obtained from the Depository of the Applicant shall be used.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of the Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

Electronic registration of Applications

- (i) The Designated Intermediaries and SCSBs will register the Applications using the on-line facilities of Stock Exchange. The Lead Managers, TCFSL, and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs and the Designated Intermediaries, (ii) the Applications uploaded by the SCSBs and the Designated Intermediaries, (iii) the Applications accepted but not uploaded by the SCSBs or the Designated Intermediaries, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (iv) Applications accepted and uploaded by the Designated Intermediaries at the Syndicate ASBA Application Locations for which the Application Amounts are not blocked by the SCSBs.
- (ii) The Stock Exchange will offer an electronic facility for registering Applications for the Tranche II Issue. This facility will be available on the terminals of the Designated Intermediaries and the SCSBs during the Tranche II Issue Period. On the Tranche II Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Tranche II Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.
- (iii) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchange, would be made available at the Application centres as provided in the Application Form during the Tranche II Issue Period.
- (iv) At the time of registering each Application, SCSBs, the Designated Intermediaries, as the case may be, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts and any other details that may be prescribed by the online uploading platform of the Stock Exchange.
- (v) A system generated TRS will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the TRS from the SCSBs or the Designated Intermediaries, as the case may be. The registration of the Applications by the SCSBs or the Designated Intermediaries does not guarantee that the NCDs shall be allocated / Allotted by TCFSL. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (vi) The permission given by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by TCFSL, and/or the Lead Managers are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of TCFSL, the management or any scheme or project of TCFSL; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Shelf Prospectus or this Tranche II Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.
- (vii) In case of apparent data entry error by the Designated Intermediaries, in entering the Application Form number in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.

- (viii) Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for Allotment. The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate, the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day (till 1:00 pm) after the Tranche II Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Tranche II Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.
- (ix) the aggregate demand for Applications registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchange, would be made available at the Application centres as provided in the Application Form during the Tranche II Issue Period.

General Instructions

Do's

- **Check if you are eligible to apply as per the terms of the Draft Shelf Prospectus, the Shelf Prospectus, this Tranche II Prospectus and applicable law;**
- **Read all the instructions carefully and complete the Application Form;**
- Ensure that the details about Depository Participant and beneficiary account are correct and the beneficiary account is active;
- Applications are required to be in single or joint names (not more than three);
- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta;
- Ensure that Applications are submitted to the Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Tranche II Issue Closing Date;
- Information provided by the Applicants in the Application Form will be uploaded on to the online platform of the Stock Exchange by the Designated Intermediaries, as the case may be, and the electronic data will be used to make allocation / Allotment. The Applicants should ensure that the details are correct and legible;
- Ensure that the Applicant's names (for Applications for the NCDs in dematerialised form) given in the Application Form is exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;
- Ensure that you have funds equal to or more than the Application Amount in your ASBA Account before submitting the Application Form for Applications;
- Ensure that you mention your PAN in the Application Form. In case of joint applicants, the PAN of all the Applicants should be provided and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;

Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to the SEBI circular regarding Exemption from mandatory requirement of PAN bearing no. MRD/DoP/MF/Cir-08/2008 dated April 03, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same.

- Ensure that the Demographic Details as provided in the Application Form are updated, true and correct in all respects;
- Ensure that you request for and receive a TRS for all your Applications and an acknowledgement as a proof of having been accepted;
- For Applicants applying through Syndicate ASBA, ensure that your Application Form is submitted to the Designated Intermediaries and not to the Public Issue Account Bank(s) or Refund Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the NCDs;
- Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
- Ensure that your Application Form bears the stamp of the relevant SCSB, the Designated Intermediaries to whom the Application is submitted;
- In the event that you are submitting an Application Form to a Designated Intermediaries, ensure that he is located in a town/ city that has a designated branch of the SCSB (a list of such locations are available on the websites of Stock Exchange, TCFSL and Lead Managers, a link for the same being available in the Application Form);
- Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;
- Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch, or to the Designated Intermediaries at the Syndicate ASBA Application Locations, as the case may be;
- Ensure that you receive a TRS from a designated branch of an SCSB, Designated Intermediaries, as the case may be, for the submission and upload of your Application Form into the electronic platform of the Stock Exchange;
- For Applicants applying through Syndicate ASBA, ensure that your Application Form is submitted to the Designated Intermediaries and not to the Public Issue Account Banks or Refund Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and
- Tick the Option of NCDs in the Application Form that you wish to apply for.

Don'ts

- Do not apply for lower than the minimum Application size;
- Do not pay the Application amount in cash, by money order, postal order, stock invest;
- Do not send the Application Forms by post; instead submit the same to the Designated Intermediaries (as the case may be) only;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
- Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar;
- Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and / or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit Applications on plain paper or on incomplete or illegible Application Forms;
- Do not submit an Application in case you are not eligible to acquire the NCDs under applicable law or your relevant constitutional documents or otherwise;
- Do not submit the Application Forms without the Application Amount;
- Do not apply if you are not competent to contract under the Indian Contract Act, 1872;
- Do not make payment of the Application Amounts in any mode other than through blocking of the Application Amounts in the ASBA Accounts shall not be accepted under the ASBA process;
- Do not submit the Application Form with a Designated Intermediary at a location other than the Syndicate ASBA Application Locations;
- Do not send your physical Application Form by post. Instead submit the same with a Designated Branch or a Designated Intermediary at the Syndicate ASBA Application Locations, as the case may be; and
- Do not submit more than five Application Forms per ASBA Account.

Submission of Application Forms

For details in relation to the manner of submission of Application Forms, please see the section "*Issue Procedure – Methods of Application*" on page 112 of this Tranche II Prospectus.

OTHER INSTRUCTIONS**Joint Applications**

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Additional/ Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other Options of NCDs, as specified in this Tranche II Prospectus, subject to a minimum Application size as specified in this Tranche II Prospectus for each Application. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of an HUF and/or as joint Applicant (second or third applicant), shall not be deemed to be multiple Applications.

Depository Arrangements

TCFSL made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. In this context:

- (i) Tripartite Agreements dated June 20, 2012 and April 13, 2012, between us, the Registrar and CDSL and NSDL, respectively have been executed, for offering depository option to the Applicants.
- (ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.
- (iii) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.
- (iv) Non-transferable allotment advices will be directly sent to the Applicant by the Registrar to this Issue.
- (v) It may be noted that NCDs in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. The Stock Exchanges have connectivity with NSDL and CDSL.
- (vi) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.
- (vii) The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form in multiples of One NCD only.

Allottees will have the option to rematerialise the NCDs Allotted under the Tranche II Issue as per the provisions of the Companies Act, 2013 and the Depositories Act. However, the trading will happen in dematerialized form only.

For further information relating to Applications for Allotment of the NCDs in dematerialised form, please see the sections "*Issue Procedure – Methods of Application*" and "*Issue Procedure – General Instructions*" on pages 112 and 120, respectively of this Tranche II Prospectus.

Communications

All future communications in connection with Applications made in the Tranche II Issue should be addressed to the Registrar quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Compliance Officer as well as the contact persons of TCFSL / Lead Managers or the Registrar in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of credit of NCDs in depository's beneficiary account / allotment advices, etc., Applicants may contact our Compliance Officer as well as the contact persons of TCFSL / Lead Managers or Registrar. Please note that Applicants who have applied for the NCDs through Designated Intermediaries should contact the Stock Exchange in case of any Post-

Issue related problems, such as non-receipt of credit of NCDs in depository's beneficiary account/ allotment advices, etc.

Interest in case of Delay

TCFSL undertakes to pay interest, in connection with any delay in Allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Rejection of Applications

Applications shall be rejected in accordance with the section "*Issue Procedure-Applications would be liable to be rejected on the technical grounds*" below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or any Committee of TCFSL reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- Number of NCDs applied for being less than the minimum Application size;
- Applications not being signed by the sole/joint Applicants;
- Applications submitted without payment of the Application Amount. However, TCFSL may allot NCDs up to the value of Application monies paid, if such Application monies exceed the minimum Application size as prescribed hereunder;
- Application Amount paid being higher than the value of NCDs applied for. However, TCFSL may allot NCDs up to the number of NCDs applied for, if the value of such NCDs applied for exceeds the minimum Application size;
- Investor Category in the Application Form not being ticked;
- Date of Birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form
- Applications where a registered address in India is not provided for the Applicant;
- Bank account details not provided in the Application Form;
- Submission of more than 5 (Five) Application Forms per ASBA Account;
- Applications by persons not competent to contract under the Indian Contract Act, 1872 including a minor without the name of a guardian;
- Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- DP ID and Client ID not mentioned in the Application Form;
- Applications by demand drafts / stock invest or accompanied by cash/money order/postal order;
- Where an authorization to the SCSB for blocking funds in the ASBA Account has not been provided;
- Applications uploaded after the expiry of the allocated time on the Tranche II Issue Closing Date, unless extended by the Stock Exchange, as applicable;
- In case of partnership firms, NCDs may be applied for in the names of the individual partner(s) and no firm as such shall be entitled to apply for in its own name. However, a Limited Liability Partnership firm can apply in its own name;
- Applications submitted to the Designated Intermediaries at locations other than the Syndicate ASBA Application Locations or at a Designated Branch of a SCSB where the ASBA Account is not maintained;
- Applications made without mentioning the PAN of the Applicant, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants;
- GIR number mentioned in the Application Form instead of PAN;
- Application by OCBs
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;

- Applications by any persons outside India;
- For all Applications for Allotment the, DP ID, Client ID and PAN mentioned in the Application Form do not match with the Depository Participant ID, Client ID and PAN available in the records with the Depositories;
- Applications by persons who are not eligible to acquire the NCDs in terms of applicable laws, rules, regulations, guidelines and approvals;
- Application Forms from Applicants not being signed by the ASBA Account holder, if the account holder is different from the Applicant or the signature of the ASBA Account holder on the Application Form does not match with the signature available on the Applicant's bank records;
- Applications for an amount below the minimum Application size;
- Applications not having details of the ASBA Account to be blocked;
- With respect to Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by Applicants seeking allotment in dematerialised form whose demat accounts have been 'suspended for credit' pursuant to the SEBI circular July 29, 2010 regarding Mandatory Requirement of Permanent Account Number bearing no. CIR/MRD/DP/22/2010;
- Applications not uploaded on the terminals of the Stock Exchange;
- Applications for the Allotment of NCDs in dematerialized form providing an inoperative demat account number;
- Applications accompanied by Stockinvest / money order/ postal order/ cash;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted along with the Application Form;
- Applications not uploaded on the terminals of the Stock Exchanges;
- Applications submitted directly to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the Lead Managers, or the Designated Intermediaries, as the case may be;
- In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;
- Applications by other persons who are not eligible to apply for NCDs under the Issue under applicable Indian or foreign statutory / regulatory requirements;
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and this Tranche II Prospectus;
- Where PAN details in the Application Form and as entered into the electronic system of the Stock Exchange, are not as per the records of the Depositories;
- Applications tendered to the Designated Intermediaries at centers other than the centers mentioned in the Application Form;
- Application Form accompanied with more than one cheque;
- In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application; and

For further instructions regarding Application for the NCDs, Applicants are requested to read the Application Form.

Refunds

The payment of refund, if any, may be done through various electronic modes mentioned below:

- (a) **Direct Credit** – Applicants having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.

- (b) **NACH** – Payment of refund would be done through NACH for Applicants having an account at any of the centres specified by RBI, where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NACH facility has been made available (subject to availability of all information for crediting the refund through NACH).
- (c) **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Applicant's bank has been assigned the Indian Financial System Code (“**IFSC**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- (d) **RTGS** – If the refund amount exceeds ₹ 2,00,000, Applicants have the option to receive refund through RTGS. Charges, if any, levied by the refund bank(s) for the same would be borne by us. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within 5 (five) Working Days of the Tranche II Issue Closing Date.

TCFSL and the Registrar shall credit the allotted NCDs to the respective beneficiary accounts / allotment advices by registered post/speed post at the Applicant's sole risk, within 5 (five) Working Days from the Tranche II Issue Closing Date. TCFSL may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT.

Further,

- (a) Allotment of NCDs in the Tranche II Issue shall be made within the applicable statutory timeline;
- (b) Credit to dematerialised accounts will be given within 2 Working Days from the Deemed Date of Allotment;
- (c) Interest at a rate of 15% per annum will be paid if the refund has not been made and/or the allotment advices have not been dispatched to the Applicants within the applicable statutory timeline from the Tranche II Issue Closing Date, for the delay beyond such statutory timeline, in case of non-receipt of Minimum Subscription; and
- (d) TCFSL will provide adequate funds to the Registrar / relevant banks for this purpose.

Retention of oversubscription

Up to the Residual Shelf Limit.

Basis of Allotment

The Registrar will aggregate the applications based on the applications received through an electronic book from the stock exchanges and determine the valid applications for the purpose of drawing the basis of allocation.

For the purposes of determining the number of NCDs available for allocation to the below mentioned Portions, TCFSL shall have the discretion of determining the number of NCDs to be allotted over and above the Base Issue Size, in case TCFSL opts to retain any oversubscription in the Tranche II Issue upto the Residual Shelf Limit. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case TCFSL opts to retain any oversubscription

in the Tranche II Issue), taken together with the aggregate value of NCDs upto the Base Issue Size shall be collectively termed as the “Overall Issue Size”.

Secured NCDs

Grouping of Applications and allocation ratio

For the purposes of the basis of allotment:

- (a) *Applications received from Category I Applicants:* Applications received from Applicants applying for Secured NCDs belonging to Category I shall be grouped together (“**Institutional Portion**”);
- (b) *Applications received from Category II Applicants:* Applications received from Applicants applying for Secured NCDs belonging to Category II, shall be grouped together (“**Non-Institutional Portion**”).
- (c) *Applications received from Category III Applicants:* Applications received from Applicants applying for Secured NCDs belonging to Category III shall be grouped together (“**High Net-worth Individual Category Portion**”).
- (d) *Applications received from Category IV Applicants:* Applications received from Applicants applying for Secured NCDs belonging to Category IV shall be grouped together (“**Retail Individual Category Portion**”).

For removal of doubt, the terms "**Institutional Portion**", "**Non-Institutional Portion**", "**High Net-worth Individual Category Portion**" and "**Retail Individual Category Portion**" are individually referred to as “**Portion**” and collectively referred to as “**Portions**”.

Allocation Ratio

| Institutional Portion | Non-Institutional Portion | High Net-worth Individual Category Portion | Retail Individual Category Portion |
|------------------------------|----------------------------------|---|---|
| 15% | 15% | 35% | 35% |

- (a) Allotments in the first instance:
 - (i) Applicants belonging to the Institutional Portion, in the first instance, will be allocated Secured NCDs upto 15% of Secured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the basis of the date of upload of their Applications in to the electronic platform of the Stock Exchanges;
 - (ii) Applicants belonging to the Non-Institutional Portion, in the first instance, will be allocated Secured NCDs upto 15% of Secured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the basis of the date of upload of their Applications in to the electronic platform of the Stock Exchanges;
 - (iii) Applicants belonging to the High Net-worth Individual Category Portion, in the first instance, will be allocated Secured NCDs upto 35% of Secured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the basis of the date of upload of their Applications in to the electronic platform of the Stock Exchanges;
 - (iv) Applicants belonging to the Retail Individual Category Portion, in the first instance, will be allocated Secured NCDs upto 35% of Secured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the basis of the date of upload of their Applications in to the electronic platform of the Stock Exchange;

In case of a valid Application where the investor has not marked a particular Option then our Company will allot the Secured NCDs under Option I.

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first-come first-serve basis to each Portion, based on the date of upload of each Application in to the electronic book with Stock Exchanges, in each Portion subject to the Allocation Ratio indicated above.

As per circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of circular (No. CIR/IMD/DF-1/20/2012) dated July 27, 2012 to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application. In the event of, and on the date of oversubscription, however, allotments in public issues of debt securities are to be made on a proportionate basis.

Under Subscription

If there is any under subscription in the Secured NCDs portion from the overall Issue Size, due to undersubscription in each Portion, all valid Applications received till the end of last day of the Tranche II Issue shall be grouped together in each Portion and full and firm Allotments will be made to all valid Applications in each Portion.

Minimum allotments of 1 Secured NCD and in multiples of 1 Secured NCD thereafter would be made in case of each valid Application to all Applicants applying for Secured NCDs.

Allotments in case of oversubscription

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of the Secured NCDs to the Applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of Secured NCDs to the applicants on the date of oversubscription and proportionate allotment of the Secured NCDs to the Applicants on the date of oversubscription (based on the date of upload of each Application on the electronic platform of the Stock Exchanges, in each Portion).

For the purpose of clarity, in case of oversubscription please see the below indicative scenarios:

- i. In case of an oversubscription in all Portions resulting in an oversubscription in the Tranche II Issue, Allotments to the maximum permissible limit, as possible, will be made on a first-come first serve basis and thereafter on proportionate basis, i.e. full allotment of the NCDs to the Applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription to respective portion and proportionate allotment of NCDs to the Applicants on the date of oversubscription in respective Portion (based on the date of upload of each Application on the electronic platform of the Stock Exchanges, in each Portion).
- ii. In case there is oversubscription in Tranche II Issue, however there is an under-subscription in one or more Portion(s), allotments will be made in the following order:
 - A. All valid Applications in the undersubscribed portion(s) uploaded on the electronic platform of the Stock Exchanges till the end of the last day of the Tranche II Issue Period, shall receive full and firm allotment.
 - B. In case of Portion(s) that are oversubscribed, allotment shall be made to valid Applications received on a first come first serve basis, based on the date of upload of each Application in to the electronic platform of the Stock Exchanges. Priority for allocation of the remaining undersubscribed portion(s) shall be given to day wise applications received in the Retail Individual Category Portion followed by High Net Worth Individual Category Portion, next to the Non-Institutional Portion and lastly the Institutional Portion each according to the day of upload of Applications to the electronic book with the Stock Exchange during the Tranche II Issue Period. For the sake of clarity, the day on which the entire remaining undersubscribed portion is allocated to the oversubscribed portion(s), no allocation shall be made to any oversubscribed portion(s) on the remaining days of the Tranche II Issue Period.

Proportionate Allotments

For each Portion, on the date of oversubscription:

- (i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer.
- (ii) If the process of rounding off to the nearest integer results in the actual allocation of Secured NCDs being higher than the Tranche II Issue size, not all Applicants will be allotted the number of Secured NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference.
- (iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, TCFSL will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

Unsecured NCDs

Grouping of Applications and allocation ratio

For the purposes of the basis of allotment:

- (a) *Applications received from Category I Applicants*: Applications received from Applicants applying for the Unsecured NCDs belonging to Category I shall be grouped together (“**Institutional Portion**”);
- (b) *Applications received from Category II Applicants*: Applications received from Applicants applying for the Unsecured NCDs belonging to Category II, shall be grouped together (“**Non-Institutional Portion**”).
- (c) *Applications received from Category III Applicants*: Applications received from Applicants applying for the Unsecured NCDs belonging to Category III shall be grouped together (“**High Net-worth Individual Category Portion**”).
- (d) *Applications received from Category IV Applicants*: Applications received from Applicants applying for the Unsecured NCDs belonging to Category IV shall be grouped together (“**Retail Individual Category Portion**”).

For removal of doubt, the terms "**Institutional Portion**", "**Non-Institutional Portion**", "**High Net-worth Individual Category Portion**" and "**Retail Individual Category Portion**" are individually referred to as “**Portion**” and collectively referred to as “**Portions**”.

Allocation Ratio

| Institutional Portion | Non-Institutional Portion | High Net-worth Individual Category Portion | Retail Individual Category Portion |
|------------------------------|----------------------------------|---|---|
| 15% | 15% | 35% | 35% |

- (a) Allotments in the first instance:
 - (i) Applicants belonging to the Institutional Portion, in the first instance, will be allocated Unsecured NCDs upto 15% of Unsecured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the basis of the date of upload of their Applications in to the electronic platform of the Stock Exchanges;
 - (ii) Applicants belonging to the Non-Institutional Portion, in the first instance, will be allocated Unsecured NCDs upto 15% of Unsecured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the basis of the date of upload of their Applications in to

the electronic platform of the Stock Exchanges;

- (iii) Applicants belonging to the High Net-worth Individual Category Portion, in the first instance, will be allocated Unsecured NCDs upto 35% of Unsecured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the basis of the date of upload of their Applications in to the electronic platform of the Stock Exchanges;
- (iv) Applicants belonging to the Retail Individual Category Portion, in the first instance, will be allocated Unsecured NCDs upto 35% of Unsecured NCDs portion of the Overall Issue Size on first come first serve basis which would be determined on the basis of the date of upload of their Applications in to the electronic platform of the Stock Exchange.

In case of a valid Application where the investor has not marked a particular Option then our Company will allot the Unsecured NCDs under Option I.

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e. a first-come first-serve basis to each Portion, based on the date of upload of each Application in to the electronic book with Stock Exchanges, in each Portion subject to the Allocation Ratio indicated above.

As per circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of circular (No. CIR./IMD/DF-1/20/2012) dated July 27, 2012 to the extent that it provides for allotment in public issues of debt securities to be made on the basis of date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application. In the event of, and on the date of oversubscription, however, allotments in public issues of debt securities are to be made on a proportionate basis.

Under Subscription

If there is any under subscription in the Unsecured NCDs portion from the overall Issue Size, due to undersubscription in each Portion, all valid Applications received till the end of last day of the Tranche II Issue shall be grouped together in each Portion and full and firm Allotments will be made to all valid Applications in each Portion.

Minimum allotments of 1 Unsecured NCD and in multiples of 1 Unsecured NCD thereafter would be made in case of each valid Application to all Applicants applying for Unsecured NCDs.

Allotments in case of oversubscription

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of the Unsecured NCDs to the Applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of Unsecured NCDs to the applicants on the date of oversubscription and proportionate allotment of the Unsecured NCDs to the Applicants on the date of oversubscription (based on the date of upload of each Application on the electronic platform of the Stock Exchanges, in each Portion).

For the purpose of clarity, in case of oversubscription please see the below indicative scenarios:

- i. In case of an oversubscription in all Portions resulting in an oversubscription in the Tranche II Issue, Allotments to the maximum permissible limit, as possible, will be made on a first-come first serve basis and thereafter on proportionate basis, i.e. full allotment of the NCDs to the Applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription to respective portion and proportionate allotment of NCDs to the Applicants on the date of oversubscription in respective Portion (based on the date of upload of each Application on the electronic platform of the Stock Exchanges, in each Portion).
- ii. In case there is oversubscription in Tranche II Issue, however there is an under-subscription in one or more Portion(s), allotments will be made in the following order:

- A. All valid Applications in the undersubscribed portion(s) uploaded on the electronic platform of the Stock Exchanges till the end of the last day of the Tranche II Issue Period, shall receive full and firm allotment.
- B. In case of Portion(s) that are oversubscribed, allotment shall be made to valid Applications received on a first come first serve basis, based on the date of upload of each Application in to the electronic platform of the Stock Exchanges. Priority for allocation of the remaining undersubscribed portion(s) shall be given to day wise applications received in the Retail Individual Category Portion followed by High Net Worth Individual Category Portion, next to the Non-Institutional Portion and lastly the Institutional Portion each according to the day of upload of Applications to the electronic book with the Stock Exchange during the Tranche II Issue Period. For the sake of clarity, the day on which the entire remaining undersubscribed portion is allocated to the oversubscribed portion(s), no allocation shall be made to any oversubscribed portion(s) on the remaining days of the Tranche II Issue Period.

Proportionate Allotments

For each Portion, on the date of oversubscription:

- (iv) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer.
- (v) If the process of rounding off to the nearest integer results in the actual allocation of Unsecured NCDs being higher than the Tranche II Issue size, not all Applicants will be allotted the number of Unsecured NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference.
- (vi) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, TCFSL will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

Applicant applying for more than one Options of NCDs

If an Applicant has applied for more than one Option of NCDs and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for, the Option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each Options, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with the Lead Manager and the Designated Stock Exchange. Further, in the aforesaid scenario, wherein the Applicant has applied for all the Options and in case such Applicant cannot be allotted all the Options, then the Applicant would be allotted NCDs, at the discretion of the Company, the Registrar and the Lead Managers wherein the NCDs with the least tenor i.e. Allotment of Secured NCDs with tenor of 3 years followed by Allotment of NCDs with tenor of 5 years and so on.

Unblocking of funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful Applications within the stipulated regulatory timeline.

All decisions pertaining to the basis of allotment of NCDs pursuant to the Tranche II Issue shall be taken by TCFSL in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Tranche II Prospectus. Any other queries / issues in connection with the Applications will be appropriately dealt with and decided upon by TCFSL in consultation with the Lead Managers.

Applications where the Application Amount received is greater than the minimum Application Amount, and the Application Amount paid does not tally with the number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹ 1,000.

Investor Withdrawals and Pre-closure

- (a) *Investor Withdrawal:* Applicants are allowed to withdraw their Applications at any time prior to the Issue Closure Date.
- (b) *Pre-closure:* TCFSL, in consultation with the Lead Managers reserves the right to close the Tranche II Issue at any time prior to the Tranche II Issue Closing Date, subject to receipt of minimum subscription which is 75% of the Base Issue before the Tranche II Issue Closing Date. TCFSL shall allot NCDs with respect to the Applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

Further, the Tranche II Issue will also be withdrawn by TCFSL in the event that the aggregate Applications received for the NCDs is lesser than the minimum subscription which is 75% of the Base Issue before the Tranche II Issue Closing Date.

In the event of such early closure of the Tranche II Issue, TCFSL shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Tranche II Issue Closing Date of the Tranche II Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Withdrawal of Applications after the Tranche II Issue Period

In case an Applicant wishes to withdraw the Application after the Tranche II Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Tranche II Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise / modify their Application details during the Tranche II Issue Period, as allowed/permitted by the Stock Exchanges, by submitting a written request to the Lead Managers/ Designated Intermediaries of the Stock Exchange/ the SCSBs, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange(s) as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Tranche II Issue Closing Date. However, in order that the data so captured is accurate, the Lead Managers, Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Tranche II Issue Closing Date (till 1:00 pm) to modify/ verify certain selected fields uploaded in the online system during the Tranche II Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

Utilisation of Application Amounts

The sum received in respect of the Tranche II Issue will be kept in separate bank accounts and TCFSL will have access to such funds as per applicable provisions of law(s), regulations and approvals.

Utilisation of the proceeds of the Issue

- All monies received out of the Tranche II Issue shall be credited / transferred to a separate bank account maintained with a Scheduled Bank as referred to in Section 40 of the Companies Act, 2013.
- The allotment letter shall be issued or Application Amount shall be refunded/unblocked within fifteen days from the closure of the issue or such lesser time as may be specified by the SEBI, or else the Application Amount shall be refunded to the Applicants forthwith, failing which interest shall be due to be paid to the Applicants at the rate of 15% per annum for the delayed period.
- In case listing permission is not granted by the Stock Exchanges to our Company and if such money is not repaid within the applicable statutory timelines, TCFSL and every officer in default shall, on and from expiry of such statutory timeline, be liable to repay the money with interest at the rate of 15% as prescribed under Rule 3 of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 26 of the Companies Act, 2013, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the demat credit.
- Details of all monies unutilised out of the previous issues made by way of public offer, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the securities or other forms of financial assets in which such unutilized monies have been invested.
- Details of all monies utilised out of the previous issue made by way of public offer shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilized.
- Details of all unutilised monies out of the Tranche II Issue, if any, shall be disclosed and continued to be disclosed under an appropriate head in our balance sheet till the time any part of the proceeds of the Tranche II Issue remains unutilised indicating the form in which such unutilised monies have been invested.
- TCFSL shall utilize the Tranche II Issue proceeds only on (a) receipt of minimum subscription; (b) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (c) creation of security; and (d) obtaining listing and trading approval as stated in the section “Issue Structure” on page 96 of this Tranche II Prospectus.
- The Tranche II Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia*, by way of a lease, of any immovable property or in the purchase of any business or in the purchase of an interest in any business.
- The Tranche II Issue proceeds shall not be utilized for providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

Listing

The NCDs proposed to be offered in pursuance of the Draft Shelf Prospectus, the Shelf Prospectus and this Tranche II Prospectus will be listed on the BSE and the NSE. TCFSL has received the in-principle approval dated August 27, 2018 from the BSE and approval dated August 27, 2018, November 13, 2018, February 14, 2019 and May 14, 2019 from the NSE, respectively. The application for listing of the NCDs will be made to the Stock Exchange at an appropriate stage.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, TCFSL will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Tranche II Prospectus. TCFSL shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 6 (six) Working Days from the Tranche II Issue Closing Date.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Options, such NCDs with Option(s) shall not be listed.

Guarantee/Letter of Comfort

The Tranche II Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Undertaking by the Issuer

TCFSL hereby undertakes that:

- (a) the complaints received in respect of the Tranche II Issue (except for complaints in relation to Applications submitted to Designated Intermediaries) shall be attended to by TCFSL expeditiously and satisfactorily;
- (b) TCFSL shall take necessary steps for the purpose of getting the NCDs listed within the specified time i.e. 6 (six) Working Days from the Tranche II Issue Closing Date;
- (c) the funds required for dispatch of allotment advices/ allotment advice/ certificates by registered post/ speed post shall be made available to the Registrar by TCFSL;
- (d) necessary cooperation to the credit rating agencies shall be extended in providing true and adequate information until the debt obligations in respect of the NCDs are outstanding;
- (e) TCFSL shall forward the details of utilisation of the funds raised through the NCDs duly certified by TCFSL's statutory auditors, to the Debenture Trustee at the end of each half year;
- (f) TCFSL shall disclose the complete name and address of the Debenture Trustee in TCFSL's annual report;
- (g) TCFSL shall provide a compliance certificate to the Debenture Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of NCDs as contained in this Tranche II Prospectus; and
- (h) TCFSL shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by TCFSL from time to time.

SECTION IV: LEGAL AND OTHER INFORMATION

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors held on June 15, 2018, the Board of Directors approved the issuance of Secured NCDs of the face value ₹ 1,000 each and Unsecured NCDs of the face value ₹ 1,000 each, aggregating up to ₹ 7,50,000 lakh ("**Shelf Limit**") to the public, hereinafter called the "**Issue**".

The present public issue by the Issuer of Secured NCDs up to ₹ 299,790 lakh and Unsecured NCDs up to ₹ 112,810 lakh, aggregating up to ₹ 412,600 lakh ("**Tranche II Issue**") was approved by the Working Committee at its meeting held on August 02, 2019. The Base Issue Size of Tranche II Issue is ₹ 50,000 lakh with an option to retain oversubscription up to the Residual Shelf Limit.

Further, the present borrowing is within the borrowing limits of ₹ 52,00,000 lakh under Section 180(1)(c) of the Companies Act, 2013 duly approved by the members of TCFSL at the EGM held on March 27, 2019.

Prohibition by SEBI

TCFSL, persons in control of TCFSL and/or the Promoters and/or the Directors have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of the TCL Group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS, A. K. CAPITAL SERVICES LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED AND AXIS BANK LIMITED, HAVE CERTIFIED THAT DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, A. K. CAPITAL SERVICES LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED AND AXIS BANK LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED AUGUST 02, 2019 WHICH READS AS FOLLOWS:

- 1. WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE TRANCHE II PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE TRANCHE II PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE TRANCHE II ISSUE OR RELATING TO THE TRANCHE II ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDS OFFERED THROUGH THE TRANCHE II ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE TRANCHE II ISSUE WILL BE GIVEN.
3. WE CONFIRM THAT THE PROSPECTUS CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED.
4. WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED AND TO THE EXTENT NOTIFIED, SECURITIES CONTRACTS (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.

Disclaimer Clause of the BSE

BSE Limited ("the Exchange") has given, vide its letter dated August 27, 2018, permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for, or otherwise acquires any securities of this Company may do so pursuant to Independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by any reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this offer document has been submitted to the National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/58508 dated August 27, 2018 and further extended vide letter ref.: NSE/LIST/81132 dated May 14, 2019, permission to the Issuer to use the Exchange's name in this offer document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by the NSE; nor does it in any manner

warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this issuer's securities will be listed or will continue to be listed on the exchange; nor does it take any responsibility for the financial or other soundness of this issuer, its promoters, its management or any scheme or project of this issuer.

Every person who desires to apply for or otherwise acquire any securities of this issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED NOVEMBER 4, 2011 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/ DISCHARGE OF LIABILITY BY THE COMPANY. IT IS DISTINCTLY UNDERSTOOD THAT THIS TRANCHE II PROSPECTUS SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO BE APPROVED OR VETTED BY RBI.

Track record of past public issues handled by the Lead Managers

The track record of past issues handled by the Lead Managers, as required by SEBI circular regarding Disclosure of Track Record of the public issues managed by Merchant Bankers bearing no. CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites:

| Name of lead manager | Website |
|--------------------------------------|--|
| A. K. Capital Services Limited | www.akgroup.co.in |
| Edelweiss Financial Services Limited | www.edelweissfin.com |
| Axis Bank Limited | www.axisbank.com |

Listing

Application will be made to the BSE and the NSE simultaneously with the filing of this Tranche II Prospectus for permission to deal in and for official quotation in NCDs. If permission to deal in and for an official quotation of our NCDs is not granted by the BSE and the NSE, TCFSL will forthwith repay, without interest, all monies received from the Applications in pursuance of this Tranche II Prospectus.

TCFSL shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 6 (six) Working Days from the date of closure of the Tranche II Issue.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Options, such NCDs with Option(s) shall not be listed.

Consents

Consents in writing of: (a) the Directors, (b) the Company Secretary and Compliance Officer, (c) Chief Financial Officer, (d) Lead Managers, (e) the Registrar to the Issue, (f) Legal Advisor to the Issue, (g) Credit Rating Agencies, (h) Public Issue Account Bank to the Tranche II Issue; (i) Refund Bank to the Tranche II Issue; (j) Consortium Members to the Issue; (k) bankers to TCFSL, (l) ICRA in relation to the industry report obtained from them and included in the section "*Industry Overview*" on page 67 of this Tranche II Prospectus, and (m) the Debenture Trustee to act in their respective capacities, will be filed along with a copy of the Shelf Prospectus and the Tranche II

Prospectus with the RoC.

The consent of the Statutory Auditors of our Company, namely B S R & Co. LLP, Chartered Accountants, Mumbai for: (a) inclusion of its name as the Statutory Auditor, (b) Opinion on Reformatted Financial Information under IND AS for the financial year ended March 31, 2019, in the form and context in which they appear in this Tranche II Prospectus along with the statement of tax benefits dated August 02, 2019, has been obtained and has not been withdrawn and the same will be filed along with a copy of the Shelf Prospectus and this Tranche II Prospectus with the RoC.

Expert Opinion

Except the statements and opinions obtained from: (a) our Statutory Auditors, B S R & Co. LLP, Chartered Accountants, Mumbai, and (b) ICRA in relation to the industry report obtained from them and included in the section "*Industry Overview*" on page 67 of this Tranche II Prospectus, as mentioned above, TCFSL has not obtained any expert opinions.

Common form of Transfer

TCFSL undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 applicable as on the date of this Tranche II Prospectus and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Minimum Subscription

In terms of the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities, the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If TCFSL does not receive the minimum subscription of 75% of the Base Issue i.e. ₹ 37,500 lakh within the prescribed timelines under the Companies Act, 2013 and any rules thereto, the entire subscription amount shall be refunded / unblocked to the Applicant's bank account within 6 (six) working days from the date of closure of the Tranche II Issue. In the event there is a delay by TCFSL in making the aforesaid refund within the prescribed time limit, TCFSL will pay interest at the rate of 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with TCFSL and/or Registrar, refunds will be made to the account prescribed. However, where TCFSL and/or Registrar does not have the necessary information for making such refunds, TCFSL and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012.

Filing of the Tranche II Prospectus with the RoC

A copy of this Tranche II Prospectus shall be filed with the RoC, in accordance with Section 26 and Section 31 of the Companies Act, 2013.

Debenture Redemption Reserve

Section 71 of the Companies Act, 2013, read with Rule 18 of Companies (Share Capital and Debentures) Rules, 2014, requires that any company that intends to issue debentures must create a DRR for the purpose of redemption of debentures, in accordance with the following conditions: (a) the DRR shall be created out of the profits of the company available for payment of dividend, (b) the DRR shall be equivalent to at least 25% of the value of the outstanding debentures issued through the public issue in accordance with the SEBI Debt Regulations in case of NBFCs registered with the RBI no DRR is required in the case of privately placed debentures. Accordingly, TCFSL is required to create a DRR of 25% of the value of the outstanding NCDs issued through the Tranche II Issue. In addition, as per Rule 18 (7) (e) of Companies (Share Capital and Debentures) Rules, 2014, the amounts credited to DRR shall not be utilised by TCFSL except for the redemption of the NCDs. Every company required to create or

maintain DRR shall on or before the 30th day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next financial year, following any one or more of the following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The amount deposited or invested, as the case may be, shall not be utilised for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the 31st day of March of that year.

**As part of the recently announced Union Budget 2019-2020, the Ministry of Finance, Government of India has stated that in order to allow NBFCs to raise funds in public issues, the requirement of creating a DRR, which is currently applicable for only for public issues, is proposed to be done away with. This provision, however, has not yet been notified by the Ministry of Corporate Affairs and is not in force as on the date of this Tranche II Prospectus.*

Upon this provision coming into effect, unless expressly stated otherwise in the notification / circular to be issued by the Ministry of Corporate Affairs, we shall utilise the provisions of such notification/ circular in accordance with the terms and conditions as set out therein and subject to applicable law, for securities issued pursuant to this document.

Underwriting

The Tranche II Issue will not be underwritten.

Identification as wilful defaulter

Neither TCFSL nor any of its directors or promoters have been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI or any other governmental authority.

Reservation

No portion of this Tranche II Issue has been reserved.

Details regarding TCFSL and other listed companies which are associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years

The associate companies of TCFSL are not listed.

Previous Issue

Except as stated in the sections "*Capital Structure*" and "*Disclosures on existing financial indebtedness*" on pages 39 and 92 respectively, of the Shelf Prospectus and on pages 27 and 48 respectively of this Tranche II Prospectus, TCFSL has not made any other issue of securities, including any debentures.

Other than as specifically disclosed in the Shelf Prospectus, TCFSL has not issued any securities for consideration other than cash.

Utilisation details of previous public issues

| S. No. | Instrument | Issue Open Date | Allotment date | Gross proceeds raised through the Issue (₹ in lakh) | Issue Related Expenses (₹ In lakh) | Net proceeds of the issue after deducting the issue related expenses (₹ in lakh) | Objects of the Issue as per respective Prospectus | Net Utilisation of Proceeds |
|--------|----------------------------|--------------------|--------------------|---|------------------------------------|--|---|---|
| 1. | Non convertible debentures | September 10, 2018 | September 27, 2018 | 337,340 | 4,596 | 332,744 | Refer page 25 of Tranche I Prospectus dated August 29, 2018 | For the purpose of repayment/prepayment of existing borrowings of TCFSL |

No part of the Tranche I Issue proceeds has been used towards prepayment penalty to any lender. Further, the funds raised in the Tranche I Issue have been utilised in accordance with the objects of the Tranche I Issue disclosed in Tranche I Prospectus dated August 29, 2018.

Details regarding lending out of issue proceeds of previous issues

A. *Lending Policy*

The lending policy of TCFSL broadly deals with:

- the product offerings of TCFSL which, *inter alia*, covers used vehicles, loans against property, personal and business loans, loans for consumer durables, financing for two-wheelers, loans against shares, financing for construction equipment, leasing, term loans of varied tenors, channel financing etc.;
- various parameters for grant of credit having regard to the risk associated with a borrower's profile and the nature of product;
- loan sanctioning authority and delegation; and
- exposure limits.

The objectives of the loan policy are:

- to have a loan portfolio which adequately generates risk adjusted returns;
- to ensure that business teams have a clear understanding of sourcing of customers and the incremental business; and
- to define the size and nature of transactions which need to be brought to appropriate committee/ authorities for approval before disbursement.

Our lending policy further ensures that TCFSL shall comply with the guidelines and regulations stipulated by the RBI in respect of exposures to single party and group borrowings. For further details, please see the section titled "Our Business" on page 64 of the Shelf Prospectus.

B. *Loans given by TCFSL*

As of March 31, 2019, there are no loans given by TCFSL that are outstanding towards entities / persons related to the Board, senior management, the Promoter or other parties covered in the registered maintained under Section 189 of the Companies Act, 2013.

C. Types of loans

Denomination of loans outstanding by ticket size as on March 31, 2019:

| S. No | Ticket size | Percentage of AUM |
|-------|---------------------|-------------------|
| 1 | Upto ₹ 2 lakh | 3.83% |
| 2 | ₹ 2-5 lakh | 6.12% |
| 3 | ₹ 5-10 lakh | 5.62% |
| 4 | ₹ 10-25 lakh | 8.12% |
| 5 | ₹ 25-50 lakh | 6.39% |
| 6 | ₹ 50 lakh-100 lakh | 5.76% |
| 7 | ₹ 100-500 lakh | 20.55% |
| 8 | ₹ 500-2,500 lakh | 20.86% |
| 9 | ₹ 2,500-10,000 lakh | 11.62% |
| 10 | > ₹ 10,000 lakh | 11.13% |
| | | 100.0% |

Denomination of loans outstanding by LTV, as of March 31, 2019:

| S. No | LTV | Percentage of AUM |
|--------------|----------|-------------------|
| 1 | Upto 40% | 12% |
| 2 | 40-50% | 12% |
| 3 | 50-60% | 17% |
| 4 | 60-70% | 22% |
| 5 | 70-80% | 14% |
| 6 | 80-90% | 8% |
| 7 | >90% | 15% |
| Total | | 100.0% |

The information mentioned above is for retail financial products of TCFSL where norms regarding LTV are applied.

Geographical classification of borrowers as on March 31, 2019:

| S. No. | Top 5 states / Region | Percentage of AUM |
|--------|-----------------------|-------------------|
| 1 | Maharashtra* | 32.15% |
| 2 | Delhi | 18.17% |
| 3 | West Bengal | 6.69% |
| 4 | Karnataka | 5.88% |
| 5 | Gujarat | 5.61% |
| | Total | 68.50 |

*This also includes loans originated from online sale and channel partners

Types of loans according to sectorial exposure as on March 31, 2019 is as follows:

| S. No | Segment- wise breakup of AUM | Percentage of AUM |
|----------|--|-------------------|
| 1 | Retail | |
| a | -Mortgages (home loans and loans against property) | 15.09% |
| b | -Gold loans | 0.00% |
| c | - Vehicle finance | 7.81% |
| d | -MFI | 0.00% |
| e | -M&SME | 0.00% |
| f | -Capital market funding (loans against shares, margin funding) | 1.29% |
| g | -Others | 17.65% |

| S. No | Segment- wise breakup of AUM | Percentage of AUM |
|-------|-----------------------------------|-------------------|
| 2 | Wholesale | |
| a | -Infrastructure | 8.98% |
| b | -Real estate | 2.47% |
| c | -Promoter funding | 4.56% |
| d | -Any other sector (as applicable) | 0.00% |
| e | -Others | 42.15% |
| | Total | 100.00% |

D. Aggregated exposure to top 20 borrowers with respect to concentration of advances as on March 31, 2019

| | Amount (₹ in lakh) |
|--|--------------------|
| Total Advances to twenty largest borrowers | 460,162 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 10.31% |

E. Aggregated exposure to top 20 borrowers with respect to concentration of exposures as on March 31, 2019

| | Amount (₹ in lakh) |
|--|--------------------|
| Total exposure to twenty largest borrowers / customers | 481,662 |
| Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers | 9.70% |

F. Details of loans overdue and classified as non – performing in accordance with the RBI's guidelines

| Movement of gross NPAs* | Amount (₹ in lakh) |
|--------------------------------|--------------------|
| (a) Opening balance | 122,431 |
| (b) Additions during the year | 66,433 |
| (c) Reductions during the year | (79,526) |
| (d) Closing balance | 109,338 |

* Please refer paragraph titled "Non-Performing Assets (NPAs)" under the section "Our Business" on page 64 of the Shelf Prospectus for details on Gross NPA recognition Policy.

| Movement of provisions for NPAs | Amount (₹ in lakh) |
|--|--------------------|
| (a) Opening balance | 106,679 |
| (b) Provisions made during the year | 57,418 |
| (c) Write-off / write -back of excess provisions | (71,796) |
| (d) Closing balance | 92,301 |

G. Segment –wise gross NPA as on March 31, 2019

| S. No. | Segment-wise gross NPA | Gross NPA (%) |
|----------|---|---------------|
| 1 | Retail | |
| a | - Mortgages (home loans and loans against property) | 13.72% |
| b | - Gold loans | 0% |
| c | - Vehicle finance | 12.26% |
| d | - MFI | 0% |
| e | - M&SME | 0% |
| f | - Capital market funding (loans against shares, margin funding) | 0% |
| g | - Others (CD + Other Retail) | 35.00% |
| 2 | Wholesale | |
| a | - Infrastructure | 8.79% |
| b | - Real estate (including builder loans) | 0% |
| c | - Promoter funding | 0% |
| d | - Any other sector (As applicable) | 0% |

| | | |
|---|--------------|-------------|
| e | - Others | 30.23% |
| | Total | 100% |

H. Classification of AUM as on March 31, 2019

| S. No. | Type of AUM | Amount (₹ in lakh) | Percentage |
|--------|--------------|--------------------|-------------|
| 1 | Secured | 25,39,692 | 56.99% |
| 2 | Unsecured | 19,16,419 | 43.01% |
| | Total | 44,56,111 | 100% |

* Note: AUM excludes Loan to TCL employee welfare trust amounting to ₹ 6,286 lakh

I. Promoter Shareholding

Please see the section "Capital Structure" on page 39 of the Shelf Prospectus and on page 27 of this Tranche II Prospectus for details with respect to Promoter shareholding in TCFSL as on date of this Tranche II Prospectus. Further, there was no change of more than 26% in promoter's shareholding during the last financial year.

J. Residual maturity profile of assets and liabilities as on March 31, 2019

| Particulars | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 months to 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total |
|------------------------------|---------------------------------|----------------------------|---------------------------|---------------------------|-------------------------|------------------------|-------------------------|--------------|-----------|
| Assets | | | | | | | | | |
| Deposits | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Advances | 319,627 * | - | 852,930 | - | 1,053,399 | - | 1,549,542 | 715,552 | 4,491,050 |
| Investments | -- | -- | -- | -- | 1,379 | -- | -- | 36,653 | 38,032 |
| Liabilities | | | | | | | | | |
| Borrowings* | 414,744 | - | 867,648 | - | 895,595 | - | 1,364,271 | 255,767 | 3,798,025 |
| Foreign currency assets | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Foreign currency liabilities | -- | -- | -- | -- | -- | -- | -- | -- | -- |

*It includes cash and cash equivalents Rs. 25,163 lakhs.

** Borrowings exclude Compulsorily Cumulative Convertible Preference Shares (the "CCCPS") of Rs 188,900 lakhs.

Material Contracts

Other than as mentioned in the Shelf Prospectus, TCFSL has not entered into any material contracts other than in the ordinary course of business, in the last two years.

Auditors' Remarks

There have been no reservations or qualifications or adverse remarks made by the respective Statutory Auditors in the Financial Statements of TCFSL pertaining to the last five financial years immediately preceding the date of this Tranche II Prospectus.

Details of material fraud committed against the Company

Other than as set out in the section "Pending Proceedings and Statutory Defaults" on page 43 of the Tranche II Prospectus, no acts of material frauds have been committed against TCFSL in the last five years and upto the period ended June 30, 2019.

Dividend

The declaration and payment of dividends on our shares will be recommended by our Board of Directors and in case of payment of final dividend, shall also be approved by our shareholders, at their discretion, depending upon a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

- During the financial year 2018 – 19, an interim dividend of amount aggregating to ₹ 1,167,329,452 was declared on March 25, 2019 and paid on March 26, 2019 (i) at the rate of 9% p.a. i.e. ₹ 0.90 per CCCPS on 289,000,000 CCCPS of the Company, aggregating to ₹ 260,100,000; (ii) at the rate of 8.5% p.a. i.e. ₹ 0.85 per CCCPS on 575,000,000 CCCPS of the Company, aggregating ₹ 488,750,000 ; and (iii) at the rate of 8.5% p.a. i.e. ₹ 0.85 per CCCPS on 750,000,000 CCCPS, on a pro rata basis, from the date of allotment up to March 31, 2019, aggregating to ₹ 418,479,452.
- During the financial year 2018 – 2019, a final dividend of amount aggregating to ₹ 3,842,466 was declared on April 30, 2019 and paid on June 18, 2019 at the rate of 8.5% p.a. i.e. ₹ 0.85 per CCCPS on 275,000,000 CCCPS of ₹ 10 each, allotted on March 26, 2019, on a pro rata basis, upto March 31, 2019.
- During the financial year 2019 – 2020, an interim dividend of amount aggregating to ₹ 270,016,667 was declared on July 26, 2019 and paid on July 30, 2019 (i) at the rate of 9% p.a. i.e. ₹ 0.90 per CCCPS on 289,000,000 CCCPS of the Company from April 1, 2019 to May 31, 2019 aggregating ₹ 43,350,000; and (ii) at the rate of 8.5% p.a. i.e. ₹ 0.85 per CCCPS on 160,00,00,000 CCCPS of the Company, from April 1, 2019 to May 31, 2019 aggregating ₹ 226,666,667.

Revaluation of assets

TCFSL has not revalued its assets in the last five years.

Mechanism for redressal of investor grievances

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited) has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. The Registrar Agreement between the Registrar to the Issue and TCFSL provides for redressing investor complaints and grievances by the Registrar to the Issue in a timely manner and in accordance with any applicable legislation and any rules, regulations, guidelines, circulars and any other mandate issued by SEBI. All grievances relating to the Tranche II Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, Series of NCDs applied for, amount paid on Application, Depository Participant and the collection centre of the Designated Intermediaries where the Application was submitted. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the Designated Intermediary and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, Series applied for number of NCDs applied for, amount blocked on Application.

All grievances arising out of Applications for the NCDs made through Online Stock Exchanges may also be directly addressed to the Stock Exchanges.

The contact details of Registrar to the Issue are as follows:

Registrar to the Issue

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)
Karvy Selenium Tower B, Plot 31-32
Gachibowli Financial District

Nanakramguda, Hyderabad 500 032
 Tel: (+91 40) 6716 2222
 Fax: (+91 40) 2343 1551
 Email: einward.ris@karvy.com
 Investor Grievance Email: tcfsln.cd@karvy.com
 Website: www.karvyfintech.com
 Contact Person: Mr. M. Murali Krishna
 Compliance Officer: Mr. Rakesh Santhalia
 SEBI Registration No.: INR000000221

It is estimated that the average time required by the Registrar to the Issue or TCFSL for the redressal of routine investor grievances will be 7 (seven) business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, TCFSL will seek to redress these complaints as expeditiously as possible.

Compliance Officer

Ms. Avan Doomasia has been appointed as the Compliance Officer of TCFSL for this Tranche II Issue.

The contact details of Compliance Officer of TCFSL are as follows:

Ms. Avan Doomasia
 11th Floor, Tower A
 Peninsula Business Park
 Ganpatrao Kadam Marg, Lower Parel
 Mumbai 400 013
 Maharashtra, India
Tel: (+91 22) 6606 9000
Fax: (+91 22) 6656 2699
Website: www.tatacapital.com
Email: avan.doomasia@tatacapital.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Tranche II Issue related issues such as non-receipt of Allotment Advice, Demat credit, allotment advices or interest on Application Amount.

Change in Auditors of TCFSL during the last three years

B S R & Co. LLP, Chartered Accountants, Mumbai, is the current Statutory Auditors of TCFSL. Prior to B S R & Co. LLP, Deloitte Haskins & Sells LLP, Chartered Accountants, were the Statutory Auditors of TCFSL. Details of changes in the statutory auditors of TCFSL have been summarised below:

| Name | Address | Date of Appointment / Resignation | Auditor of the Company since (in case of resignation) |
|--|--|-----------------------------------|---|
| B S R & Co. LLP Regn No. 101248W/W-100022 | 5 th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011 | 21/08/2017 (Appointment) | - |
| Deloitte Haskins & Sells, LLP Regn No. 117366W/W-100018 | Indiabulls Finance Centre, Tower 3, 32 nd Floor, Elphinstone Mill Compound, Senapati Bapat Marg, Elphinstone (West), Mumbai 400 013 | 21/8/2017 (Retired) | 19/7/2012 (Appointment) |

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by TCFSL. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of TCFSL situated at 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, Maharashtra, India from 10:00 a.m. (IST) to 5:00 p.m. (IST) on any Working Day, except Saturday during the Tranche II Issue Period.

A. *Material Contracts*

1. Issue Agreement dated August 14, 2018 and further amended by agreement dated August 02, 2019 between TCFSL and the Lead Managers.
2. Agreement dated August 14, 2018 and further amended by agreement dated August 02, 2019 with the Registrar to the Issue.
3. Debenture Trustee Agreement dated August 14, 2018 executed between TCFSL and the Debenture Trustee.
4. Public Issue Account Agreement dated August 02, 2019 between our Company, the Registrar, the Public Issue Account Bank, the Refund Bank and the Lead Managers.
5. Consortium Agreement dated August 29, 2018 and further amended and restated by agreement dated August 02, 2019 between our Company, the Consortium Members and the Lead Managers
6. Tripartite agreement between TCFSL, Registrar to the Issue and CDSL dated June 20, 2012.
7. Tripartite agreement between TCFSL, Registrar to the issue and NSDL dated April 13, 2012.

B. *Material Documents*

1. Certificate of Incorporation of TCFSL dated November 19, 2010, issued by Registrar of Companies, Maharashtra at Mumbai.
2. Memorandum of Association and Articles of Association of TCFSL.
3. The Certificate of Registration B-13.02005 dated November 4, 2011 issued by Reserve Bank of India u/s 45 IA of the RBI Act, 1934.
4. Credit rating letter dated August 15, 2018 from CRISIL Limited granting credit ratings to the NCDs and revalidated by letter dated August 27, 2018 and further revalidated by letter dated July 25, 2019.
5. Credit rating letter dated August 14, 2018 from CARE Ratings Limited granting credit ratings to the NCDs and revalidated by letter dated August 27, 2018 and further revalidated by letter dated July 26, 2019.
6. Copy of the resolution passed at a meeting of the Board of Directors held on June 15, 2018 approving the Issue.
7. Copy of the resolution passed at a meeting of the Working Committee held on August 29, 2018 approving the Shelf Prospectus.
8. Copy of the resolution passed at a meeting of the Working Committee held on August 02, 2019 approving the Tranche II Prospectus.
9. Copy of the resolution passed by the members of TCFSL at the EGM held on March 27, 2019 approving the overall borrowing limit of TCFSL.

10. Consents of the Directors, Lead Managers to the Issue, Chief Financial Officer, Company Secretary and Compliance Officer of TCFSL, Debenture Trustee, Credit Rating Agencies for the Issue, ICRA as industry expert, lenders, bankers to TCFSL, Public Issue Account Bank, Refund Banker to the Issue, Consortium Members, Legal Advisor to the Issue, and the Registrar to the Issue, to include their names in this Tranche II Prospectus in their respective capacity.
11. The consent of the Statutory Auditors of our Company, namely B S R & Co. LLP, Chartered Accountants, Mumbai for: (a) inclusion of its name as the Statutory Auditor, (b) Opinion on Reformatted Financial Information under IND AS for the financial year ended March 31, 2019; and (d) statement of tax benefits dated August 02, 2019 in the form and context in which they appear in the Shelf Prospectus.
12. The examination report of the Statutory Auditors dated August 02, 2019 in relation to the Reformatted Standalone Financial Information under IND AS for the financial year ended March 31, 2019 included herein.
13. The examination report of the Statutory Auditors dated August 02, 2019 in relation to the Reformatted Consolidated Financial Information under IND AS the financial year ended March 31, 2019 included herein.
14. Statement of tax benefits dated August 02, 2019 issued by our Statutory Auditors.
15. Annual Reports of TCFSL for the last five Financial Years.
16. Due Diligence certificate dated August 02, 2019 filed by the Lead Managers with SEBI.
17. In-principle approval from BSE *vide* its letter no. DCS/BM/PI-BOND/8/18-19 dated August 27, 2018 and from NSE *vide* its letter no. NSE/LIST/58508 dated August 27, 2018 and extended *vide* letter no. NSE/LIST/81132 dated May 14, 2019.

FINANCIAL INFORMATION

| S. No. | Particulars | Page No. |
|--------|---|----------|
| 1. | Examination report on the Reformatted Standalone Financial Information under IND AS along with the Reformatted Standalone Statement of Assets and Liabilities as at March 31, 2019, the Reformatted Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Reformatted Standalone Statement of Changes in Equity, Reformatted Standalone Statement of Cash Flows for the year ended March 31, 2019, the Summary of Significant Accounting Policies, and other explanatory information.. | F-1 |
| 2. | Examination report on the Reformatted Consolidated Financial Information under IND AS along with the Reformatted Consolidated Statement of Assets and Liabilities as at March 31, 2019, the Reformatted Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Reformatted Consolidated Statement of Changes in Equity, Reformatted Consolidated Statement of Cash Flows for the year ended March 31, 2019, the Summary of Significant Accounting Policies, and other explanatory information. | F-176 |

B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Independent Auditor's Examination Report On Reformatted Standalone Financial Information

To, The Board of Directors
Tata Capital Financial Services Limited

Dear Sirs

1. We have examined the attached Reformatted Standalone Financial Information under Ind AS (defined subsequently) of Tata Capital Financial Services Limited ('the Company'), comprising the Reformatted Standalone Statement of Assets and Liabilities as at 31 March 2019, the Reformatted Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Reformatted Standalone Statement of Changes in Equity, Reformatted Standalone Statement of Cash Flows for the year ended 31 March 2019, the Summary of Significant Accounting Policies, and other explanatory information (collectively, the "Reformatted Standalone Financial Information under Ind AS"), as approved by the Working Committee of the Company at their meeting held on 2 August 2019 annexed to this report for the purpose of inclusion in the Tranche II Prospectus (the "Offering Document") prepared by the Company in connection with its proposed issue of secured redeemable non-convertible debentures face value of Rs. 1,000 each ("Secured NCDs") up to Rs. 299,790 lakhs and unsecured, subordinated, redeemable, non-convertible debentures of face value of Rs 1,000 each ("Unsecured NCDs") up to Rs. 112,810 lakhs, aggregating up to Rs. 412,600 lakhs (the "Tranche II Issue"), prepared in terms of the requirements of:
 - a. Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");
 - b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ('the SEBI Debt Regulations') issued by Securities and Exchange Board of India ('SEBI'); and
 - c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Company's Board of Directors is responsible for the preparation of Reformatted Standalone Financial Information under Ind AS for the purpose of inclusion in the Tranche II Prospectus to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Maharashtra (RoC) in connection with the proposed Tranche II Issue. The Reformatted Standalone Financial Information under Ind AS have been prepared by the management of the Company on the basis of preparation stated in note 2 to the Reformatted Standalone Financial Information under Ind AS. The Board of Directors of the Company's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of Reformatted Standalone Financial Information under Ind AS. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, SEBI Debt Regulations and the Guidance Note.

Tata Capital Financial Services Limited

2 August 2019

Page 2 of 3

3. We have examined the Reformatted Standalone Financial Information under Ind AS taking into consideration:
 - a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 31 July 2019 in connection with the Tranche II Issue;
 - b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Standalone Financial Information under Ind AS; and
 - d. The requirements of Section 26 of the Act and the SEBI Debt Regulations and the Guidance Note in connection with the issuance. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI Debt Regulations and the Guidance Note in connection with the Tranche II Issue.
4. The Reformatted Standalone Financial Information under Ind AS have been extracted by the management from the audited standalone financial statements of the Company as at and for the year ended 31 March 2019 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, which were approved by Board of Directors of the Company at their meeting held on 30 April 2019.
5. As indicated in our audit reports above:

The comparative financial information of the Company for the transition date opening balance sheet as at 1 April 2017 included in these Standalone Financial Statements are based on the previously issued statutory financial statements for the year ended 31 March 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report dated 28 April 2017 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion was not modified in respect of above matter.
6. Based on our examination and according to the information and explanations given to us, we report that the Reformatted Standalone Financial Information of the Company as at and for the year ended 31 March 2019 examined by us, as set out in Annexure I to III to this report are accurately extracted from the audited standalone financial statements of the Company for the year ended 31 March 2019. Based on our examination as above, we further report that the Reformatted Standalone Financial Information have to be read in conjunction with the notes given in Annexure IV.
7. The Reformatted Standalone Financial Information prepared under Ind AS do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited standalone financial statements mentioned in paragraph 4 above.
8. At the Company's request, we have also examined the following financial information proposed to be included in the Offering Document prepared by the management and approved by the Working Committee of the Company and annexed to this report relating to the Company for the year ended 31 March 2019:

Tata Capital Financial Services Limited

2 August 2019

Page 3 of 3

- a) Statement of accounting ratios, as appearing in Annexure V
 - b) Statement of dividend paid, as appearing in Annexure VI
 - c) Statement of capitalisation, as appearing in Annexure VII
9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. This report is intended solely for use of the Board of Directors for inclusion in the Offering Document to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Maharashtra (RoC), as applicable, prepared in connection with the Tranche II Issue of the Company. Our report should not be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

Chartered Accountants

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

Manoj Kumar Vijai

Partner

Membership No: 046882

ICAI UDIN: 19046882AAAAEU1536

Date: 2 August 2019

Place: Mumbai

TATA CAPITAL FINANCIAL SERVICES LIMITED
REFORMATTED STANDALONE BALANCE SHEET

(Rs. in lakh)

| Particulars | Note | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|------|---|-------------------------|------------------------|
| ASSETS | | | | |
| (1) Financial assets | | | | |
| (a) Cash and cash equivalents | 4 | 25,163 | 8,128 | 7,337 |
| (b) Bank balances other than (a) above | 5 | 36 | 4,462 | 3 |
| (c) Derivative financial instruments | | - | - | - |
| (c) Receivables | | | | |
| (i) Trade receivables | 6 | 3,454 | 6,675 | 2,001 |
| (ii) Other receivables | | - | - | - |
| (d) Loans | 7 | 4,462,397 | 3,698,664 | 3,228,049 |
| (e) Investments | 8 | 38,032 | 29,472 | 26,409 |
| (f) Other financial assets | 9 | 40,045 | 64,666 | 53,890 |
| Total financial assets | | 4,569,127 | 3,812,067 | 3,317,689 |
| (2) Non-financial assets | | | | |
| (a) Current tax assets (net) | 10 | 8,797 | 6,265 | 5,818 |
| (b) Deferred tax assets (net) | 10 | 64,324 | 62,684 | 70,970 |
| (c) Investment property | | - | - | - |
| (d) Property, plant and equipment | 11 | 91,487 | 69,000 | 77,052 |
| (e) Capital work-in-progress | | 62 | 101 | 518 |
| (f) Intangible assets under development | | 108 | 39 | 655 |
| (g) Goodwill | | - | - | - |
| (h) Other intangible assets | 11 | 2,179 | 2,314 | 1,109 |
| (i) Other non-financial assets | 12 | 47,743 | 36,705 | 26,216 |
| Total non-financial assets | | 214,700 | 177,108 | 182,338 |
| Total Assets | | 4,783,827 | 3,989,175 | 3,500,027 |
| LIABILITIES AND EQUITY | | | | |
| LIABILITIES | | | | |
| (1) Financial liabilities | | | | |
| (a) Derivative financial instruments | 30 | - | 98 | - |
| (b) Payables | | | | |
| (i) Trade payables | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 13 | 55,910 | 52,566 | 44,537 |
| (ii) Other trade payables | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | - | - | - |
| (c) Debt Securities | 14 | 1,609,148 | 1,232,147 | 1,269,788 |
| (d) Borrowings (Other than debt securities) | 15 | 2,041,658 | 1,780,252 | 1,311,798 |
| (e) Deposits | | - | - | - |
| (f) Subordinated liabilities | 16 | 329,760 | 272,040 | 239,777 |
| (g) Other financial liabilities | 17 | 148,714 | 165,535 | 148,720 |
| Total financial liabilities | | 4,185,190 | 3,502,638 | 3,014,620 |
| (2) Non-Financial liabilities | | | | |
| (a) Current tax liabilities (net) | 10 | 13,110 | 10,114 | 8,575 |
| (b) Provisions | 18 | 152,241 | 158,057 | 200,561 |
| (c) Other non-financial liabilities | 19 | 28,923 | 23,195 | 16,822 |
| Total non-financial liabilities | | 194,274 | 191,366 | 225,958 |
| (3) Equity | | | | |
| (a) Share capital | 20 | 137,556 | 129,755 | 129,755 |
| (b) Other equity | 21 | 266,807 | 165,416 | 129,694 |
| Total Equity | | 404,363 | 295,171 | 259,449 |
| Total Liabilities and Equity | | 4,783,827 | 3,989,175 | 3,500,027 |
| Summary of significant accounting policies | 2 | | | |
| See accompanying notes forming part of the financial statements | 1-50 | | | |
| In terms of our report of even date | | For and on behalf of the Board of Directors | | |

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

Chartered Accountants

Firms Registration No – 101248W/W-100022

Rajiv Sabharwal

(Director)

(DIN No. : 00057333)

F.N. Subedar

(Director)

(DIN No. : 00028428)

Anuradha E. Thakur

(Director)

(DIN No. : 06702919)

Manoj Kumar Vijai

Partner

Membership No: 046882

Kusal Roy

(Managing Director)

(DIN No. : 02268654)

Puneet Sharma

(Chief Financial Officer)

Avan Doomasia

(Company Secretary)

Place: Mumbai

Date : August , 2019

REFORMATTED STANDALONE STATEMENT OF PROFIT AND LOSS

(Rs. in lakh)

| Particulars | Note | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|------|--------------------------------------|--------------------------------------|
| I Revenue from operations | | | |
| (i) Interest income | 22 | 481,069 | 392,838 |
| (ii) Dividend income | | 503 | 249 |
| (iii) Rental income | | 34,200 | 25,555 |
| (iv) Fees and commission income | | 8,602 | 8,526 |
| (v) Net gain on fair value changes | 23 | 16,814 | - |
| (vi) Net gain on derecognition of investment in associates | | 11,780 | - |
| Total Revenue from operations | | 552,968 | 427,168 |
| II Other income | 24 | 5,598 | 7,644 |
| III Total Income (I+II) | | 558,566 | 434,812 |
| IV Expenses | | | |
| (i) Finance costs | 25 | 312,501 | 234,316 |
| (ii) Fees and commission expense | | - | - |
| (iii) Net loss on fair value changes | 23 | - | 1,231 |
| (iv) Impairment of investment in associates | | - | 585 |
| (v) Impairment on financial instruments | 27 | 45,153 | 18,305 |
| (vi) Employee benefits expense | 26 | 45,476 | 40,612 |
| (vii) Depreciation and amortisation and impairment | 11 | 27,422 | 23,637 |
| (viii) Other expenses | 28 | 62,653 | 47,588 |
| Total expenses (IV) | | 493,205 | 366,274 |
| V Profit before exceptional items and tax (III-IV) | | 65,361 | 68,538 |
| VI Exceptional Items | | - | - |
| VII Profit before tax (V-VI) | | 65,361 | 68,538 |
| VIII Tax expense | 10 | | |
| (1) Current tax | | 23,390 | 19,981 |
| (2) Deferred tax | | (1,739) | 8,268 |
| Net tax expense | | 21,651 | 28,249 |
| Profit for the year from continuing operations (VII-VIII) | | 43,710 | 40,289 |
| IX Profit from discontinued operations before tax | | - | - |
| XI Tax expense of discontinued operations | | - | - |
| XII Profit from discontinued operations (after tax) (X-XI) | | - | - |
| XIII Profit for the year (IX+XII) | | 43,710 | 40,289 |
| XIV Other Comprehensive Income | | | |
| A (i) Items that will be reclassified subsequently to statement of profit and loss | | | |
| (a) Fair value gain on Financial Assets carried at FVTOCI | | 283 | 52 |
| (b) Income tax relating to items that will be reclassified to profit or loss | | (99) | (18) |
| (ii) Items that will not be reclassified subsequently to statement of profit and loss | | | |
| (a) Remeasurement of defined employee benefit plans | | (548) | 74 |
| (b) Income tax relating to items that will not be reclassified to profit or loss | | 191 | (26) |
| Total Other Comprehensive (Loss)/Income | | (173) | 82 |
| XV Total Comprehensive Income for the year (XIII+XIV)(Comprising Profit and Other Comprehensive (Loss)/Income for the year) | | 43,537 | 40,371 |

| Particulars | Note | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|------|--------------------------------------|--------------------------------------|
| XVI Earnings per equity share (for continuing operation): | | | |
| (1) Basic (Rupees) | | 3.77 | 3.52 |
| (2) Diluted (Rupees) | | 3.77 | 3.52 |
| XVII Earnings per equity share (for discontinued operation): | | | |
| (1) Basic (Rupees) | | - | - |
| (2) Diluted (Rupees) | | - | - |
| XVIII Earnings per equity share (for continuing and discontinued operations) | | | |
| (1) Basic (Rupees) | | 3.77 | 3.52 |
| (2) Diluted (Rupees) | | 3.77 | 3.52 |
| Summary of significant accounting policies | 2 | | |
| See accompanying notes forming part of the financial statements | 1-50 | | |

In terms of our report of even date

For and on behalf of the Board of Directors

For B S R & Co. LLP

Chartered Accountants

Firms Registration No – 101248W/W-100022

Rajiv Sabharwal

(Director)

(DIN No. : 00057333)

F.N. Subedar

(Director)

(DIN No. : 00028428)

Anuradha E. Thakur

(Director)

(DIN No. : 06702919)

Manoj Kumar Vijai

Partner

Membership No: 046882

Kusal Roy

(Managing Director)

(DIN No. : 02268654)

Puneet Sharma

(Chief Financial Officer)

Avan Doomasia

(Company Secretary)

0

Place: Mumbai

Date : August , 2019

TATA CAPITAL FINANCIAL SERVICES LIMITED
REFORMATTED STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

| Particulars | Note | Rs. in Lakh |
|---|------|----------------|
| Balance as at April 1, 2017 | | 129,755 |
| Changes in equity share capital during the year | 20 | - |
| Balance at March 31, 2018 | | 129,755 |
| Changes in equity share capital during the year | 20 | 7,801 |
| Balance at March 31, 2019 | | 137,556 |

b. Other equity

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | | | Debt instruments through Other Comprehensive Income | Share options outstanding account | Remeasurement of defined benefit liability /asset | Fair value gain / (loss) on Financial Assets carried at FVTOCI | General Reserve | Total equity |
|---|--|----------------------|------------------------------|-------------------------|-------------------|---|-----------------------------------|---|--|-----------------|----------------|
| | | Securities premium | Debenture Redemption Reserve | Special Reserve Account | Retained earnings | | | | | | |
| Balance at April 1, 2017 | - | 88,942 | 30,000 | 25,750 | (14,998) | - | - | - | - | - | 129,694 |
| Profit for the year | - | - | - | - | 40,289 | - | - | - | - | - | 40,289 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | 48 | 34 | - | 82 |
| Total comprehensive income for the year | - | 88,942 | 30,000 | 25,750 | 25,291 | - | - | 48 | 34 | - | 170,065 |
| Interim Dividend on equity shares (including tax on dividend) | - | - | - | - | (5,466) | - | - | - | - | - | (5,466) |
| Transfer to stock reserve - equity settled options | - | - | - | - | - | - | 655 | - | - | 162 | 817 |
| Transfer to Special Reserve Account | - | - | - | 9,651 | (9,651) | - | - | - | - | - | - |
| Balance at March 31, 2018 | - | 88,942 | 30,000 | 35,401 | 10,174 | - | 655 | 48 | 34 | 162 | 165,416 |
| Profit for the year | - | - | - | - | 43,710 | - | - | - | - | - | 43,710 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | (357) | 184 | - | (173) |
| Total comprehensive income for the year | - | - | - | - | 43,710 | - | - | (357) | 184 | - | 43,537 |
| Interim Dividend on equity shares (including tax on dividend) | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to stock reserve - equity settled options | - | - | - | - | - | - | (119) | - | - | 267 | 148 |
| Premium on issue of Equity Shares | - | 57,799 | - | - | - | - | - | - | - | - | 57,799 |
| Share issue expenses | - | (93) | - | - | - | - | - | - | - | - | (93) |
| Transfer to Special Reserve Account | - | - | - | 11,581 | (11,581) | - | - | - | - | - | - |
| Balance at March 31, 2019 | - | 146,648 | 30,000 | 46,982 | 42,303 | - | 536 | (309) | 218 | 429 | 266,807 |

Summary of significant accounting policies

See accompanying notes forming part of the financial statements

In terms of our report of even date

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
Firms Registration No – 101248W/W-100022

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

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

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

Manoj Kumar Vijai
Partner
Membership No: 046882

Kusal Roy
(Director)
(DIN No. : 02268654)

Puneet Sharma
(Chief Financial Officer)

Avan Doomasia
(Company Secretary)

Place: Mumbai
Date : August , 2019

TATA CAPITAL FINANCIAL SERVICES LIMITED
REFORMATTED STANDALONE CASH FLOW STATEMENT

(Rs. in lakh)

| Particulars | Note | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|------|---|---|
| 1 CASH FLOW USED IN OPERATING ACTIVITIES | | | |
| Profit before tax | | 65,361 | 68,538 |
| Adjustments for : | | | |
| Depreciation and amortisation | | 27,422 | 23,637 |
| Net gain/(loss) on derecognition of property, plant and equipment | | (198) | (1,059) |
| Interest expenses | | 258,332 | 191,667 |
| Discounting charges on commercial paper | | 53,675 | 42,201 |
| Discounting charges on debentures | | 494 | 448 |
| Interest income | | (481,069) | (392,838) |
| Dividend Income | | (503) | (249) |
| Net gain on fair value changes | | | |
| - Realised | | (9,087) | 60 |
| - Unrealised | | (7,727) | 1,171 |
| Net gain on derecognition of investment in Associates | | (11,780) | - |
| Impairment of investment in Associates | | - | 585 |
| Share based payments- Equity-settled | | 148 | 817 |
| Provision for leave encashment | | 316 | 79 |
| Contingent provision against Standard Assets | | 8,923 | 7,393 |
| Provision against Restructured Advances | | (325) | (1,448) |
| Provision for doubtful loans (net) | | 36,591 | 12,100 |
| Provision against trade receivables | | (36) | 260 |
| Provision against assets held for sale | | 1,446 | 1,405 |
| Operating Loss before working capital changes and adjustments for interest received, interest paid and dividend received | | (58,016) | (45,233) |
| Adjustments for : | | | |
| (Increase) / Decrease in trade receivables | | 3,257 | (4,934) |
| (Increase) / Decrease in Loans | | (790,372) | (524,100) |
| (Increase) / Decrease in other financial/non financial assets | | 2,092 | (36,930) |
| (Increase) / Decrease in other financial/ non financial liabilities | | 467 | 58,310 |
| Cash used in operations before adjustments for interest received, interest paid and dividend received | | (842,572) | (552,886) |
| Interest paid | | (289,637) | (231,554) |
| Interest received | | 457,714 | 389,035 |
| Dividend received | | 503 | 249 |
| Cash used in operations | | (673,992) | (395,156) |
| Taxes paid | | (22,735) | (18,889) |
| NET CASH USED IN OPERATING ACTIVITIES | | (696,727) | (414,045) |
| 2 CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment (including capital advances) | | (55,763) | (30,837) |
| Proceeds from sale of property, plant and equipment | | 1,739 | 7,304 |
| Purchase of investments | | (3,911) | (4,334) |
| Purchase of mutual fund units | | (25,263,615) | (389,500) |
| Proceeds from redemption of mutual fund units | | 25,270,958 | 389,572 |
| Proceeds from sale of investments | | 16,602 | 404 |
| Fixed deposits - matured / (placed) | | 4,400 | (4,459) |
| NET CASH USED IN INVESTING ACTIVITIES | | (29,590) | (31,850) |
| 3 CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Issue of Compulsory Convertible Cumulative Preference share capital | | 102,500 | 57,500 |
| Collection of Loan given to "TCL Employees Welfare Trust" | | 1,016 | - |
| Share issue expenses | | (93) | - |
| Debenture issue / loan processing expenses | | (6,478) | (539) |
| Interim dividend paid on equity and preference shares (including dividend distribution tax) | | (14,154) | (15,968) |
| Proceeds from borrowings (Other than debt securities) | | 5,453,127 | 2,327,530 |
| Proceeds from Debt Securities and Subordinated liabilities | | 932,340 | 719,462 |
| Repayment of Borrowings (Other than debt securities) | | (5,231,597) | (1,915,932) |
| Repayment of Debt Securities and Subordinated liabilities | | (493,308) | (725,368) |
| NET CASH GENERATED FROM FINANCING ACTIVITIES | | 743,353 | 446,685 |

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 17,036 | 791 |
| CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR | 8,075 | 7,284 |
| CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR | 25,111 | 8,075 |
| Reconciliation of cash and cash equivalents as above with cash and bank balances | | |
| Cash and Cash equivalents at the end of the year as per above | 25,111 | 8,075 |
| Add : Restricted Cash [Refer note 4 (ii)] | 52 | 53 |
| Add: Fixed deposits with original maturity over 3 months | 36 | 4,462 |
| CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES AS AT THE END OF THE YEAR [REFER NOTE 4 & 5] | 25,199 | 12,590 |
| Summary of significant accounting policies | 2 | |
| See accompanying notes forming part of the financial statements | 1-50 | |

In terms of our report of even date

For and on behalf of the Board of Directors

For B S R & Co. LLP

Chartered Accountants

Firms Registration No – 101248W/W-100022

Rajiv Sabharwal

(Director)

(DIN No. : 00057333)

F.N. Subedar

(Director)

(DIN No. : 00028428)

Anuradha E. Thakur

(Director)

(DIN No. : 06702919)

Manoj Kumar Vijai

Partner

Membership No: 046882

Kusal Roy

(Managing Director)

(DIN No. : 02268654)

Puneet Sharma

(Chief Financial Officer)

Avan Doomasia

(Company Secretary)

-

Place: Mumbai

Date : August , 2019

TATA CAPITAL FINANCIAL SERVICES LIMITED

Notes forming part of the Reformatted Standalone Financial Statements

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

i. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. The Company has adopted Ind AS from April 1, 2018 with effective transition date as April 1, 2017. These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"). The transition was carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("IGAAP" or "previous GAAP").

An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no 3.

The Company is regulated by the Reserve Bank of India ('RBI'). RBI periodically issues/amends directions, regulations and/or guidance (collectively "Regulatory Framework") covering various aspects of the operation of the Company, including those relating to accounting for certain types of transactions. The Regulatory Framework

contains specific instructions that need to be followed by the Company in preparing its financial statements. The financial statements for the current and previous year may need to undergo changes in measurement and / or presentation upon receipt of clarifications on the Regulatory Framework or changes thereto.

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 Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS. Amounts in the financial statements are presented in Indian Rupees in Lakh.

iii. Basis of preparation and presentation

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.

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.

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 value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which 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 measurement date
- b) Level 2: inputs are 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 measurement date.

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

Refer note 30A and 30B.

iv. Use of estimates and judgements

The preparation of financial statements 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 ix - 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, 2019 are included in the following notes:

- Note x - impairment test of non-financial assets: key assumption underlying recoverable amounts.
- Note x - useful life of property, plant, equipment and intangibles.
- Note xviii – recognition of deferred tax assets: availability of future taxable profit against which carry forward deferred tax asset can be set off.

- Notes xx – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 29 – measurement of defined benefit obligations: key actuarial assumptions.
- Note 30A and Note 30B – determination of the fair value of financial instruments with significant unobservable inputs.
- Note 31A(iii) – impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of expected credit loss (ECL).
- Note 31A(iii) – impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

v. Interest

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

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

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

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the

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

The interest cost is calculated by applying the EIR to the amortised cost of the financial liability.

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

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

vi. Income from services and distribution of financial products

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

Revenue from brokerage is recognised when the service is performed. Trail brokerage is recognised at the end of the measurement period when the pre-defined thresholds are met. Revenue is net of applicable indirect taxes and sub-brokerage.

vii. 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.

viii. Leases

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

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

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

ix. Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet on trade date when the Company becomes a party to the contractual provisions of the instrument. Loan is recorded upon remittance of the funds.

Recognised 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 FVTPL) 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 directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Profit or Loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- a) if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- b) in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

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).

Initial recognition and measurement

Financial asset is recognised on trade date initially at cost of acquisition net of transaction cost and income that is attributable to the acquisition of the financial asset. Cost equates the fair value on acquisition. Financial asset measured at amortised cost and Financial asset measured at fair value through other comprehensive income is presented at gross

carrying value in the Financial statements. Unamortised transaction cost and incomes and impairment allowance on Financial asset is shown separately under the heading "Other non-financial asset", "Other non-financial liability" and "Provisions" respectively.

Assessment of Business model

An assessment of the applicable business model for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company could have more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. The Company takes into account all relevant evidence available such as:

- 1) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel and board of directors;
- 2) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

3) 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)

4) At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business models each reporting period to determine whether the business model/(s) have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business model.

Based on the assessment of the business models, the Company has identified the three following choices of classification of financial assets:

- a) Financial assets that are held within a business model whose objective is to collect the contractual cash flows ("Asset held to collect contractual cash-flows"), and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are measured at amortised cost;
- b) Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ("Contractual cash flows of Asset collected through hold and sell model") and that have contractual cash flows that are SPPI, are measured at FVTOCI.
- c) All other financial assets (e.g. managed on a fair value basis, or held for sale) and equity investments are measured at FVTPL.

Financial asset at amortised cost

Amortised cost of financial asset is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Contractual cash flows that do not introduce exposure to risks or volatility in the contractual cash flows on account of changes such as equity prices or

commodity prices and are related to a basic lending arrangement, do give rise to SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

The EIR amortisation is included in finance income in the profit and loss statement. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Financial asset at fair value through Other Comprehensive Income (FVTOCI)

After initial measurement, basis assessment of the business model as "Contractual cash flows of Asset collected through hold and sell model and SPPI", such financial assets are classified to be measured at FVTOCI. Contractual cash flows that do introduce exposure to risks or volatility in the contractual cash flows due to changes such as equity prices or commodity prices and are unrelated to a basic lending arrangement, do not give rise to SPPI.

The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. The carrying value of the financial asset is fair valued by discounting the contractual cash flows over contractual tenure basis the internal rate of return of a new similar asset originated in the month of reporting and such unrealised gain/loss is recorded in other comprehensive income (OCI). Where such a similar product is not originated in the month of reporting, the closest product origination is used as a proxy. Upon sale of the financial asset, actual gain/loss realised is recorded in the Statement of Profit and Loss and the unrealised gain/losses is recorded in OCI are recycled to the Statement of Profit and Loss.

Financial asset at fair value through profit and loss (FVTPL)

Financial asset, which does not meet the criteria for categorization at amortized cost or FVTOCI, is classified as at FVTPL. In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Financial assets included within the

FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Investments in equity, security receipt, mutual fund, non-cumulative redeemable preference shares and cumulative compulsorily convertible preference shares

Investment in equity, security receipt, mutual fund, non-cumulative redeemable preference shares and cumulative compulsorily convertible preference shares are classified as FVTPL and measured at fair value with all changes recognised in the Statement of Profit and Loss. Upon initial recognition, the Company, on an instrument-by-instrument basis, may elect to classify equity instruments other than held for trading either as FVTOCI or FVTPL. Such election is subsequently irrevocable. If FVTOCI is elected, all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the gains or losses from OCI to the Statement of Profit and Loss, even upon sale of investment. However, the Company may transfer the cumulative gain or loss within other equity upon realisation.

Reclassifications within classes of financial assets

A change in the business model would lead to a prospective re-classification of the financial asset and accordingly the measurement principles applicable to the new classification will be applied. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment of Financial Asset

Impairment approach

The Company is required to recognise expected credit losses (ECLs) based on forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. No impairment loss is applicable on equity investments.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 1), an allowance (or provision) should be recognised for the lifetime ECLs for financial instruments for which the credit risk has increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3).

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The Company applies a three-stage approach to measure ECL on financial assets accounted for at amortised cost and FVTOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

1. Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Exposures with days past due (DPD) less than or equal to 29 days are classified as stage 1. The Company has identified zero bucket and bucket with DPD less than or equal to 29 days as two separate buckets.

2. Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Exposures with DPD equal to 30 days but less than or equal to 89 days are classified as stage 2. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company has identified cases with DPD equal to or more than 30 days and less than or equal to 59 days and cases with DPD equal to or more than 60 days and less than or equal to 89 days as two separate buckets.

3. Stage 3: Lifetime ECL – credit impaired

Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial asset that have become credit impaired, a lifetime ECL is recognised on principal outstanding as at period end. Exposures with DPD equal to or more than 90 days are classified as stage 3.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. ECL is recognised on EAD as at period end. If the terms of a financial asset are renegotiated or modified due to financial difficulties of the borrower, then such asset is moved to stage 3, lifetime ECL under stage 3 on the outstanding amount is applied.

The Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

1. Quantitative test: Accounts that are 30 calendar days or more past due move to Stage 2 automatically. Accounts that are 90 calendar days or more past due move to Stage 3 automatically.

2. Qualitative test: Accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring. High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress.
3. Reversal in Stages: Exposures will move back to Stage 2 or Stage 1 respectively, once they no longer meet the quantitative criteria set out above. For exposures classified using the qualitative test, when they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met

The definition of default for the purpose of determining ECLs has been aligned to the Reserve Bank of India definition of default, which considers indicators that the debtor is unlikely to pay and is no later than when the exposure is more than 90 days past due. The Company continues to incrementally provide for the asset post initial recognition in Stage 3, based on its estimate of the recovery.

In line with the above policy, the Company has thus fully provided for/ written off the entire receivables in the current financial year as per table below:

| Product | Overdue criteria |
|--|---------------------|
| Loan against property | 15 months and above |
| Construction equipment, auto, commercial vehicles, two wheeler and personal loan | 10 months and above |
| Tractor/agri products | 6 months and above |
| Consumer durables | 5 months and above |

The measurement of all expected credit losses for financial assets held at the reporting date are based on historical experience, current conditions and reasonable and supportable forecasts. The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic

scenarios, estimation of expected lives and estimation of EAD and assessing significant increases in credit risk.

Inputs, assumptions and estimation techniques used for estimating ECL:

Refer note 31A(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.

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 the asset, or the Company has neither transferred nor retained substantially all the risks and rewards 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.

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 income statement.

Presentation of ECL allowance for financial asset:

| Type of Financial asset | Disclosure |
|--|--|
| Financial asset measured at amortised cost | shown separately under the head “provisions” and not as a deduction from the gross carrying amount of the assets |
| Financial assets measured at FVTOCI | |
| Loan commitments and financial guarantee contracts | shown separately under the head “provisions” |

Where a financial instrument includes both a drawn and an undrawn component and the Company cannot identify the ECL on the loan commitment separately from those on the drawn component, the Company presents a combined loss allowance for both components under “provisions”.

Financial liability, Equity and Compound Financial Instruments

Financial liabilities 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.

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).

Initial recognition and measurement

Financial liability is recognised initially at cost of acquisition net of transaction costs and incomes that is attributable to the acquisition of the financial liability. Cost equates the fair value on acquisition. Company may irrevocably designate a financial liability that meet the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

De-recognition of financial liabilities

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

Equity

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

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

Compound instruments

The component parts of compound instruments (e.g. cumulative compulsorily convertible preference shares CCCPS) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in profit or loss upon conversion or expiration of the conversion option.

A Cumulative Compulsorily Convertible Preference Shares (CCCPS), with an option to holder to convert the instrument in to variable number of equity shares of the entity upon redemption is classified as a financial liability and dividend including dividend distribution tax is accrued on such instruments and recorded as finance cost.

b) Derivative Financial Instruments

The Company uses derivative financial instrument such as foreign currency forward cover contract to mitigate foreign exchange rate risk. Derivatives are initially recognised at fair value as on the date of entering into a derivative contract and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain/loss is recognised in profit or loss immediately since the derivative is not designated as a hedging instrument. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

c) Cash, Cash equivalents and bank balances

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

x. Property, plant and equipment

a. Tangible

Tangible property, plant and equipment (PPE) acquired by the Company are reported at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. 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.

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. Intangible

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to the acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Expenses on software support and maintenance are charged to the Statement of Profit and Loss during the year in which such costs are incurred.

d. Intangible assets under development

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

e. Depreciation and Amortisation

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

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

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

Estimated useful life considered by the Company are:

| Asset | Estimated Useful Life |
|-------------------------------------|------------------------------|
| Leasehold Improvements | As per lease period |
| Construction Equipment | 2 to 13.5 years |
| Furniture and Fixtures | Owned: 10 years |
| | Leased: 3 to 7 years |
| Computer Equipment | Owned: 3 to 4 years |
| | Leased: 2 to 4 years |
| Office Equipment | Owned: 5 years |
| | Leased: 3 to 5 years |
| Vehicles | Owned: 4 years |
| | Leased: 1 to 5 years |
| Software Licenses | Owned: 1 to 10 years |
| | Leased: 1 to 3 years |
| Buildings | 25 years |
| Plant & Machinery | Owned: 10 years |
| | Leased: 2 to 15 years |
| Railway Wagons | Leased: 6 years |
| Electrical Installation & Equipment | Leased: 3 to 6 years |
| Networking Assets | Leased: 2 to 4 years |

f. Reclassification to 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. When the use of an existing property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

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

g. Impairment of assets

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

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying

amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss .

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

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

The Company has a policy to make impairment provision at one third of the value of the Asset for each year upon completion of three years up to the end of five years.

xii. Employee Benefits

Defined Employee benefits include provident fund, superannuation fund, employee state insurance scheme.

Defined contribution benefits includes gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss in the year in which they occur. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company. The Company is generally liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employee's Provident Scheme, 1952 is recognised as an expense in the year in which it is determined.

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

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Re-measurement 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 immediately in OCI. Past service cost is recognised immediately to the extent that the

benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become 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 year 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.

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.

Share based payment transaction

The stock options of the Parent Company are granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The amount recognised as expense is based on the estimate of the number of options for which the related service and non-market and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of options that do meet the related service and non-market vesting conditions at the vesting date. For share-based options with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the options is treated as discount and accounted as employee compensation cost 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 an expense in respect of such grant is transferred to the general reserve within other equity, which a free reserve in nature.

xiii. Securities premium account

The Company records premium:

1. On issuance of new equity shares above par value;
2. On conversion of CCCPS into equity shares above par value.

The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

xiv. Foreign currencies transactions

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet

date, foreign currency monetary items are reported at the rates prevailing at the year end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

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

xv. Operating Segments

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

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

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

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

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

xvi. Investments in associates

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

xvii. Earnings per share

Basic earnings per share has been computed by adding back the dividend on CCCPS along with dividend distribution tax (DDT) to the net income and dividing the same by the weighted average number of shares outstanding during the year including potential weighted average number of equity shares that could arise on conversion of preference shares. Partly paid up equity share is included as fully paid equivalent according to the fraction paid up.

Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive

xviii. Taxation

Income Tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss, other comprehensive income or directly in equity when they relate to items that are recognized in the respective line items.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax law) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax

rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

xix. Goods and Services Input Tax Credit

Goods and Services Input tax credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

xx. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

- (i) an entity has a present obligation (legal or constructive) as a result of a past event; and
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- (i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- (ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. 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.

Contingent assets are not recognised in the financial statements

xxi. Commitments

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

- a) estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) 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

xxii. Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect

method adjusting the net profit for the effects of:

- i. changes during the period in operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and
- iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

xxiii. Dividend payable (including dividend distribution tax)

Interim dividend declared to equity shareholders, if any, is recognised as liability in the period in which the said dividend has been declared by the Directors. Final dividend declared, if any, is recognised in the period in which the said dividend has been approved by the Shareholders.

xxiv. Standard issued and applicable from April 1, 2019:

Ind AS 116 Leases:

The new standard has impact on accounting treatment of an asset taken on lease by the Company. The Company has to measure a right-of-use of asset similar to other non-financial asset such as property, plant and equipment and lease liability similar to other financial liability. As a consequence, the Company will recognise the depreciation of right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows applying Ind AS 7, Statement of Cash Flows. Under Ind AS 17, for operating lease, the Company is required to recognise the lease payment as an expense on a straight-line basis unless another systematic basis is representative of the time pattern of the user's benefit.

The Company is evaluating the following list of policies, choices, exemptions and practical expedients:

| Area | policy to be adopted |
|--|--|
| Definition of lease term: | Grandfather its previous assessment of which existing contracts are, or contain, leases on date of initial application (April 1, 2019). The definition of lease under the new standard will only be applied prospectively (including modifications to existing contracts). |
| Recognition exemption – short term leases: | avail exemption on short term leases on transition and subsequently |
| Recognition exemption – leases of low value items: | avail exemption on leases of low value items on transition and subsequently. Low value items may be considered as items with a value of less than or equal to INR 5 lacs |
| Transition approach: | <p>elected to apply modified retrospective method for all leases. This means that</p> <ul style="list-style-type: none"> - Right of use asset (ROU) would be measured as if standard had always been applied but using incremental borrowing date on - April 1, 2019 - Lease liability would be measured on 1 April 2019 as the present value of the remaining lease payments and using incremental borrowing rate on April 1, 2019 - Standard would be applied on April 1, 2019 and equity adjustment (difference between the ROU asset and lease liability computed above) would be recognised on April 1, 2019 - Comparative period would not be restated - Disclosures to be made as applicable |
| Discount rates | elected to apply a single discount rate to a portfolio of leases with reasonably similar characteristics |
| Leases with a short remaining term | elected to account for leases for which the lease term ends within 12 months of date of initial application (April 1, 2019) as short-term leases |
| Initial direct costs | elected to exclude initial direct costs from measurement of right of use |

| | |
|------------------|---|
| | asset on date of initial application (April 1, 2019) |
| Use of hindsight | elected to use hindsight in estimating lease term if the contract contains options to extend or terminate the lease |

xxv. FIRST TIME ADOPTION OF IND AS (read with note 2(i))

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 01, 2018, with a transition date of 1st April, 2017. The financial statements for the year ended **March 31, 2019** are the first financial statements, the Company has prepared under Ind AS. For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for the year ended March 31, 2018 and the opening Ind AS Balance Sheet as at April 1, 2017, the date of transition to Ind AS and also as at March 31, 2018.

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as in Note 3. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). Note 3 explains the adjustments made by the Company in restating its financial statements prepared under previous GAAP, including the Statement of Profit and ;Loss

account for the year ended March 31, 2018 and the Balance Sheet as at April 1, 2017 and as at March 31, 2018.

3. EXPLANATION OF TRANSITION TO IND AS

These financial statements have been prepared in accordance with Ind AS as notified by Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Act.

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2018. Previous year have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under IGAAP to Ind AS of Shareholders' equity as at March 31, 2018 and April 1, 2017 and of the comprehensive net income for the period ended March 31, 2018.

This note explains the principal adjustments made by the Company in restating its IGAAP financial statements, including the Balance Sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018 and how the transition from IGAAP to Ind AS has affected the Company's financial position and financial performance.

Exemptions from retrospective application:

The Company has applied the following exemptions:

(a) Investments in associates

The Company has elected to adopt the carrying value under IGAAP as on the date of transition i.e. April 1, 2017 in its separate financial statements.

Reconciliations between IGAAP and Ind AS

(i) Equity reconciliation

(Rs. in lakh)

| Particulars | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|------------------------|
| Equity as reported under IGAAP | 496,139 | 406,408 |
| Adjusted for reduction: | | |
| a Reclassification of Cumulative Compulsorily Convertible Preference shares (CCCPS) to Borrowings | (152,000) | (94,500) |
| b Dividend accrued on CCCPS and dividend distribution tax thereon | (81) | - |
| c Impairment allowance on Financial Instruments measured at Amortised cost and trade receivables | (51,083) | (62,106) |
| d Impact of EIR method on Financial Instruments measured at Amortised cost | (21,716) | (17,346) |
| e Impact of EIR method on other financial assets measured at amortised cost | 35 | - |
| f Net fair value loss on Investment at FVTPL | (1,296) | (494) |
| g Fair value gain on Financial Assets carried at FVTOCI | 34 | - |
| Adjusted for addition: | | |
| a Net Deferred tax asset on above adjustments | 25,140 | 27,487 |
| Equity under Ind AS | 295,171 | 259,449 |

(ii) Total Comprehensive income reconciliation

(Rs. in lakh)

| Particulars | As at March 31, 2018 |
|---|----------------------------|
| Net profit as reported under IGAAP | 48,259 |
| Add /(Less) : | |
| Impairment allowance on Financial Instruments measured at Amortised cost and FVTOCI | 11,023 |
| Impact of EIR method on Financial Instruments measured at Amortised cost and FVTOCI | (4,370) |
| Impact of EIR method on other financial assets measured at amortised cost | 35 |
| Dividend accrued on CCCPS and dividend distribution tax thereon | (10,643) |
| Net Fair value gain/(loss) on Investment measured at FVTPL | (802) |
| Amortisation of Option cost for Equity settled ESOP's | (817) |
| Remeasurement of the defined benefit obligation | (74) |
| Income tax relating to remeasurement of the defined benefit obligation | 26 |
| Net Deferred tax charged on above adjustments | (2,347) |
| Net profit under Ind AS | 40,289 |
| Other comprehensive income (OCI) | - |
| Remeasurement of the defined benefit obligation | 74 |
| Income tax relating to remeasurement of defined benefit obligation | (26) |
| Fair value gain / (loss) on Financial Assets carried at FVTOCI | 52 |
| Income tax relating to fair value gain/(loss) on Financial Assets carried at FVTOCI | (18) |
| Total Comprehensive income under Ind AS | 40,371 |

(iii) Reconciliation of Statement of Cash Flow

There are no material adjustments to the Statements of Cash Flows as reported under the Previous GAAP.

Exemptions from retrospective application:

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of Property, plant and equipment (PPE) and intangibles measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

B. Reconciliation of Balance Sheet as at March 31, 2018

(Rs. in lakh)

| Particulars | Note | Amount as per IGAAP | Reclassification | Measurement | Amount as per Ind AS |
|--|------|---------------------|------------------|-----------------|----------------------|
| ASSETS | | | | | |
| (1) Financial assets | | | | | |
| (a) Cash and cash equivalents | 4 | 8,128 | - | - | 8,128 |
| (b) Bank balances other than (a) above | 5 | 4,462 | - | - | 4,462 |
| (c) Derivative financial instruments | | - | - | - | - |
| (d) Receivables | | - | - | - | - |
| (i) Trade receivables | 6 | 6,753 | - | (78) | 6,675 |
| (ii) Other receivables | | - | - | - | - |
| (e) Loans | 7 | 3,691,324 | 7,302 | 38 | 3,698,664 |
| (f) Investments | 8 | 30,768 | - | (1,296) | 29,472 |
| (g) Other financial assets | 9 | 28,590 | 36,117 | (41) | 64,666 |
| Total financial assets | | 3,770,025 | 43,419.00 | (1,377) | 3,812,067 |
| (2) Non-financial assets | | | | | |
| (a) Current tax assets (net) | 10 | 6,265 | - | - | 6,265 |
| (b) Deferred tax assets (Net) | 10 | 37,568 | - | 25,116 | 62,684 |
| (c) Investment Property | | - | - | - | - |
| (d) Property, plant and equipment | 11 | 69,000 | - | - | 69,000 |
| (e) Capital work-in-progress | 11 | 101 | - | - | 101 |
| (f) Intangible assets under development | 11 | 39 | - | - | 39 |
| (f) Goodwill | | - | - | - | - |
| (c) Other intangible assets | 11 | 2,314 | - | - | 2,314 |
| (i) Other non-financial assets | 12 | 41,422 | - | (4,717) | 36,705 |
| Total non-financial assets | | 156,709 | - | 20,399 | 177,108 |
| Total Assets | | 3,926,733 | 43,419 | 19,023 | 3,989,175 |
| LIABILITIES AND EQUITY | | | | | |
| LIABILITIES | | | | | |
| (1) Financial liabilities | | | | | |
| (a) Derivative financial instruments | | (0) | 98 | 0 | 98 |
| (b) Payables | | - | - | - | - |
| (i) Trade payables | | - | - | - | - |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 13 | 52,664 | (98) | (0) | 52,566 |
| (c) Debt Securities | 14 | 1,232,147 | - | - | 1,232,147 |
| (d) Borrowings (Other than debt securities) | 15 | 1,628,252 | 152,000 | - | 1,780,252 |
| (e) Deposits | | - | - | - | - |
| (f) Subordinated liabilities | 16 | 272,040 | - | - | 272,040 |
| (g) Other financial liabilities | 17 | 122,035 | 43,419 | 81 | 165,535 |
| Total financial liabilities | | 3,307,138 | 195,419 | 81 | 3,502,638 |
| (2) Non-Financial liabilities | | | | | |
| (a) Current tax liabilities (Net) | 10 | 10,114 | - | - | 10,114 |
| (b) Provisions | 18 | 107,065 | - | 50,992 | 158,057 |
| (c) Other non-financial liabilities | 19 | 6,276 | - | 16,919 | 23,195 |
| Total non-financial liabilities | | 123,456 | - | 67,910 | 191,366 |
| (3) Equity | | | | | |
| (a) Share capital | 20 | 281,755 | (152,000) | - | 129,755 |
| (b) Other equity | 21 | 214,385 | - | (48,969) | 165,416 |
| Total equity | | 496,140 | (152,000) | (48,969) | 295,171 |
| Total Liabilities and Equity | | 3,926,734 | 43,419 | 19,023 | 3,989,175 |

C. Reconciliation of Balance Sheet as at April 1, 2017

(Rs. in lakh)

| Particulars | Note | Amount as per IGAAP | Reclassification | Measurement | Amount as per Ind AS |
|--|------|---------------------|------------------|-----------------|----------------------|
| ASSETS | | | | | |
| (1) Financial assets | | | | | |
| (a) Cash and cash equivalents | 4 | 7,337 | - | - | 7,337 |
| (b) Bank balances other than (a) above | 5 | 3 | - | - | 3 |
| (c) Derivative financial instruments | | - | - | - | - |
| (d) Receivables | | - | - | - | - |
| (i) Trade receivables | 6 | 2,049 | - | (48) | 2,001 |
| (ii) Other receivables | | - | - | - | - |
| (e) Loans | 7 | 3,220,747 | 7,302 | - | 3,228,049 |
| (f) Investments | 8 | 26,903 | - | (494) | 26,409 |
| (g) Other financial assets | 9 | 34,075 | 21,069 | (1,254) | 53,890 |
| Total financial assets | | 3,291,113 | 28,371.00 | (1,795) | 3,317,689 |
| (2) Non-financial assets | | | | | |
| (a) Current tax assets (net) | 10 | 5,818 | - | - | 5,818 |
| (b) Deferred tax assets (Net) | 10 | 43,483 | - | 27,487 | 70,970 |
| (c) Investment Property | | - | - | - | - |
| (d) Property, plant and equipment | 11 | 77,052 | - | - | 77,052 |
| (e) Capital work-in-progress | 11 | 518 | - | - | 518 |
| (f) Intangible assets under development | 11 | 655 | - | - | 655 |
| (f) Goodwill | | - | - | - | - |
| (c) Other intangible assets | 11 | 1,109 | - | - | 1,109 |
| (i) Other non-financial assets | 12 | 28,712 | - | (2,496) | 26,216 |
| Total non-financial assets | | 157,347 | - | 24,991 | 182,338 |
| Total Assets | | 3,448,460 | 28,371 | 23,196 | 3,500,027 |
| LIABILITIES AND EQUITY | | | | | |
| LIABILITIES | | | | | |
| (1) Financial liabilities | | | | | |
| (a) Derivative financial instruments | | - | - | - | - |
| (b) Payables | | - | - | - | - |
| (i) Trade payables | | - | - | - | - |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 13 | 44,537 | - | - | 44,537 |
| (c) Debt Securities | 14 | 1,269,788 | - | - | 1,269,788 |
| (d) Borrowings (Other than debt securities) | 15 | 1,217,298 | 94,500 | - | 1,311,798 |
| (e) Deposits | | - | - | - | - |
| (f) Subordinated liabilities | 16 | 239,777 | - | - | 239,777 |
| (g) Other financial liabilities | 17 | 120,349 | 28,368 | 3 | 148,720 |
| Total financial liabilities | | 2,891,749 | 122,868 | 3 | 3,014,620 |
| (2) Non-Financial liabilities | | | | | |
| (a) Current tax liabilities (Net) | 10 | 8,575 | - | - | 8,575 |
| (b) Provisions | 18 | 138,503 | - | 62,058 | 200,561 |
| (c) Other non-financial liabilities | 19 | 3,226 | - | 13,596 | 16,822 |
| Total non-financial liabilities | | 150,304 | - | 75,654 | 225,958 |
| (3) Equity | | | | | |
| (a) Share capital | 20 | 224,255 | (94,500) | - | 129,755 |
| (b) Other equity | 21 | 182,153 | - | (52,459) | 129,694 |
| Total equity | | 406,408 | (94,500) | (52,459) | 259,449 |
| Total Liabilities and Equity | | 3,448,460 | 28,368 | 23,199 | 3,500,027 |

E. Reconciliation of profit or loss for the year ended March 31, 2018

| Particulars | Amount as per IGAAP | Reclassification | Measurement | Amount as per Ind AS |
|---|---------------------|------------------|----------------|----------------------|
| I Revenue from operations | | | | |
| (i) Interest income | 397,058 | | (4,220) | 392,838 |
| (ii) Dividend income | 249 | | - | 249 |
| (iii) Rental income | 25,555 | | - | 25,555 |
| (iv) Fees and commission income | 8,526 | | - | 8,526 |
| (v) Net gain on fair value changes | 802 | | (802) | - |
| (vi) Net gain on derecognition of financial instruments under amortised cost category | - | | - | - |
| (vii) Sale of services | - | | - | - |
| Total Revenue from operations | 432,190 | - | (5,022) | 427,168 |
| II Other income | 7,644 | | - | 7,644 |
| III Total Income (I+II) | 439,834 | - | (5,022) | 434,812 |
| IV Expenses | | | | |
| Finance costs | 223,673 | | 10,643 | 234,316 |
| Fees and commission expense | - | | - | - |
| Net loss on fair value changes | 1,231 | | - | 1,231 |
| Net loss on derecognition of financial instruments under amortised cost category | 585 | | - | 585 |
| Impairment on financial instruments | 29,328 | | (11,023) | 18,305 |
| Employee benefits expense | 39,721 | 74 | 817 | 40,612 |
| Depreciation and amortisation and impairment | 23,637 | | - | 23,637 |
| Other expenses | 47,473 | | 115 | 47,588 |
| Total expenses (IV) | 365,647 | 74 | 553 | 366,274 |
| V Profit/(loss) before exceptional items and tax (III-IV) | 74,187 | (74) | (5,575) | 68,538 |
| VI Exceptional Items | - | | - | - |
| VII Profit/(loss) before tax (V-VI) | 74,187 | (74) | (5,575) | 68,538 |
| VIII Tax expense | | | | |
| (1) Current tax | 20,007 | (26) | - | 19,981 |
| (2) Deferred tax | 5,920 | | 2,348 | 8,268 |
| Net tax expense | 25,927 | (26) | 2,348 | 28,249 |
| Profit for the year from continuing operations (VII-VIII) | 48,260 | (48) | (7,923) | 40,289 |
| IX Profit from discontinued operations before tax | - | | - | - |
| XI Tax expense of discontinued operations | - | | - | - |
| XII Profit from discontinued operations (after tax) (X-XI) | - | | - | - |
| XIII Profit for the year (IX+XII) | 48,260 | (48) | (7,923) | 40,289 |
| XIV Other Comprehensive Income | | | | |
| A (i) Items that will be reclassified subsequently to statement of profit and loss | | | | |
| - Net changes in fair values of investment other than equity shares carried at fair value | - | | 52 | 52 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | - | | (18) | (18) |
| (i) Items that will not be reclassified subsequently to statement of profit and loss | - | | - | - |
| - Remeasurement of defined employee benefit plans (net of tax) | - | 74 | - | 74 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | - | (26) | - | (26) |
| Total Other Comprehensive Income/(Loss) | - | 48 | 34 | 82 |
| XV Total Comprehensive Income for the year (XIII+XIV)(Comprising Profit/(Loss) and Other Comprehensive Income/(loss) for the year) | 48,260 | - | (7,889) | 40,371 |

TATA CAPITAL FINANCIAL SERVICES LIMITED

3. EXPLANATION OF TRANSITION TO IND AS

Note: Explanation to IND AS adjustments:

a. Fair valuation of investments

Under IGAAP, investments in equity instruments and mutual funds were classified as long-term investments and current investments based on the intended holding period and expected realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.

Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments held in Subsidiaries/Associates/Joint Ventures and equity instruments designated as FVOCI) have been recognised in retained earnings as at the date of transition (i.e. April 01, 2017). Subsequent changes to fair value have been recognised in the statement of profit or loss for the year ended March 31, 2018.

Thus, fair value decrease of Rs. 494 lakh has been recognised in retained earnings as at April 01, 2017 and subsequent decrease in fair value of Rs. 802 lakh has been recognised in the statement of profit or loss for the year ended March 31, 2018, resulting in a decrease in the total equity of Rs. 1,296 lakh as at March 31, 2018.

b. Fair valuation of security deposits

Under IGAAP, interest free security deposits given to landlords for premises rented, was recorded as an asset, while rent was booked as an expense as per the rental agreement.

Under Ind AS, interest free security deposit is required to be discounted based on the internal cost of borrowings. The difference between the discounted present value of the security deposit and the actual security deposit given to the landlords, is required to be recorded as prepaid rent. This prepaid rent is amortised on a straight line basis over life of the security

deposit in line with Ind AS 17. The interest income representing the differential between the security deposit given and the present value of the security deposit given is recorded in such a manner that the difference between rental expense and interest income nullifies itself at the end of tenure of the security deposit, as per Ind AS 109.

Consequent to the above, interest income net of rent expense recognised in the Statement of Profit and Loss for the year ended March 31, 2018 is Rs. 35 lakh.

c. Impairment allowance on Financial Instruments at Amortised cost and trade receivables

Under IGAAP, the provisioning for standard loan assets (assets with days past due (DPD) less than or equal to 89 days) was provided at 0.4% (0.35% as on March 31, 2017 for assets with DPD less than or equal to 119 days) as prescribed by Reserve Bank of India (RBI). For Non-Performing Assets (assets with DPD equal to 90 days/120 days or more as on March 31, 2018 and March 31, 2017 respectively), the minimum provisioning was made as per the RBI norms and additional provisioning as per management judgement and estimates.

As per Ind AS 109, the company is required to apply Expected Credit Loss (ECL) model for Stage 1 assets, Stage 2 assets and Stage 3 assets based on assessment of level of credit risk and recognise the impairment allowance on loans.

Under IGAAP, the provisioning for trade receivables was made based on the management judgement/estimates of the recovery.

Under Ind AS 109, a provision is required to be made on the basis of the past trend of write offs on the revenue recognised. Such provision is in addition to provision made based on actual losses under IGAAP.

Consequent to the above, the impairment allowance increased by Rs. 51,083 lakh as at March 31, 2018 (April 01, 2017 Rs. 62,106 lakh). Consequently, the total equity as at March 31, 2018 decreased by Rs. 51,083 lakh (April 01, 2017 Rs. 62,106 lakh) and profit for the year ended March 31, 2018 decreased by Rs. 11,023 lakh.

d. Remeasurement of defined benefit obligation

Under IGAAP, actuarial gain/loss on remeasurement of defined benefit obligation was recognised as part of the gratuity cost in the Statement of Profit and Loss.

Under Ind AS, such actuarial gain/loss is recognised under Other Comprehensive Income Statement (OCI) along with its current income tax charge.

Consequent to the above, employee cost recorded in the Statement of Profit and Loss has increased by Rs. 74 lakh and corresponding Other Comprehensive Income has increased by Rs. 74 lakh for the year ended as at 31 March 31, 2018

e. Investment property

Under IGAAP, there was no concept of investment properties. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

f. Employee share based payment adjustments

The grant date fair value of equity settled share-based payment options granted to employees of the Company by its Holding company is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the options. The amount recognised as expense is based on the estimate of the number of options for which the related service and non-market and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of options that do meet the related service and non-market vesting conditions at the vesting date. Employee cost recorded in the Statement of Profit and Loss has increased by Rs. 817 lakh for the year ended as at 31 March 31, 2018 and a corresponding ESOP outstanding reserve is created of Rs. 817 lakh.

g. Interest as per effective interest rate on financial assets measured at amortised cost

Under IGAAP, processing fees & subvention income was accounted upfront and direct sourcing cost was amortised over the contractual tenure. Under Ind AS, such income and expenses are required to be amortised over the behavioural tenure. The total equity as at March 31, 2018

decreased by Rs. 21,716 lakh (April 01, 2017 Rs. 17,346 lakh) and the interest income in the Statement of Profit and Loss account for the year ended March 31, 2018 decreased by Rs. 4,370 lakh.

The unamortised processing fees and subvention income is recorded as a liability and correspondingly equity is decreased. The unamortised direct sourcing agency cost is decreased and accordingly the equity is reduced. Consequently, unamortised processing fees and subvention income increased by Rs. 16,924 lakh (April 01, 2017 Rs. 13,596 lakh) and unamortised direct sourcing agency cost decreased by Rs. 4,792 lakh (April 01, 2017 Rs. 3,750 lakh)

h. Reclassification of Cumulative Compulsorily Convertible Preference shares (CCCPS) to Borrowings

Under IGAAP, Cumulative Compulsorily Convertible Preference shares (CCCPS) formed part of the Share Capital. As per Ind AS 32, since the terms of conversion of the CCCPS on the date of issuance does not mandate fixed number of instruments at a fixed rate, such instrument are classified as a liability and interest cost is accrued at the rate of dividend applicable along with dividend distribution tax (DDT). Equity has decreased by Rs. 152,000 lakh as on March 31, 2018 (April 01. 2017 Rs. 94,500 lakh) with a corresponding increase in borrowings. Interest cost on account of dividend accrued on CCCPS along with DDT has increased in the Statement of Profit and Loss Account for the year ended March 31, 2018 by Rs. 10,643 lakh. Liability for dividend accrued on CCCPS along with DDT has increased as on March 31, 2018 by Rs. 81 lakh.

i. Derivatives held for risk management measured at fair value through statement of profit and loss account

Under IGAAP, the cost of the premium on the forward purchase agreement was amortised over the life of the forward contract. Further under Ind AS, the mark to market gain/loss is recorded in the statement of profit and loss account and corresponding derivative asset/liability is recorded. Equity has decreased by Rs. 98 lakh as on March 31, 2018 (April 01.

2017 Rs. Nil lakh) with a corresponding increase in Derivative liability. Marked to market loss in the statement of profit and loss account has increased for the year ended March 31, 2018 by Rs. 98 lakh.

j. Amortisation of Option cost for Equity settled ESOP's

Under IGAAP, the ESOPs of the holding company given to employees of the company is recorded at intrinsic value. Under Ind AS, the option fair value cost is amortised over the vesting period in the statement of profit and loss account and a corresponding liability for ESOP outstanding is created. As a result, the manpower cost has increased by Rs. 817 lakh as at March 31, 2018. Consequently, the total equity as at March 31, 2018 decreased by Rs. 817 lakh and profit for the year ended March 31, 2018 decreased by Rs.817 lakh.

k. Other Comprehensive Income

Gain/Loss on remeasurement of defined benefit obligation is recognised as part of the gratuity cost in the Statement of Profit and Loss under IGAAP. Under Ind AS, such gain/loss is recognised under other comprehensive income statement along with consequent current tax charge. Employee cost recorded in the Statement of Profit and Loss has increased by Rs. 74 lakh for the year ended as at 31 March 31, 2018 and corresponding other comprehensive income has increased by Rs. 74 lakh. Accordingly the current tax has decreased in the statement of profit and loss account by Rs. 26 lakh and increased in the statement of other comprehensive income.

l. Rights/liabilities under Letter of Credit/Buyer's Credit facility

Under the Letter of Credit and Buyer's credit facility, the Bank has an unconditional right to recover the amounts due under the facility from the Company and same is recoverable from the customer by the Company. Accordingly the receivable of Rs. 43,378 lakh is recorded under other financial asset and a corresponding liability is recorded under other financial liability.

m. Financial instrument measured at fair value through other comprehensive income (FVTOCI)

An approval of a loan given to customer with a condition to downsell in near term also forms part of the Loans and advances under financing activity under IGAAP. Under Ind AS, the loan is re-classified as financial asset measured at fair value through other comprehensive income. (refer note 2(ix) for treatment of financial assets measured at FVTOCI).

Under Ind AS, the fair value gain/loss is recognised under other comprehensive income statement along with consequent tax charge. Financial asset has increased by Rs. 34 lakh and correspondingly there is an increase in FVTOCI.

n. Investment in Associate

The Company has made investment in equity shares of investee company, classified as a long term investment under IGAAP.

The Company is able to participate in the operating decision making and exercise significant influence over the investee and according the same are re-classified as investment in associate, measured at cost under Ind AS 27.

o. Tax effects of adjustments

Deferred tax asset/liability have been recognised on the adjustments made on transition to Ind AS. Deferred tax asset has increased by Rs. 25,139 lakh as at 31 March 31, 2018 (April 01, 2017 - Rs. 27,487 lakh). Consequent to the above, the total equity as at March 31, 2018 increased by Rs. 25,139 lakh (April 01, 2017 Rs. 27,487 lakh) and profit and other comprehensive income for the year ended March 31, 2018 decreased by Rs. 2,322 lakh respectively.

4. CASH AND CASH EQUIVALENTS

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| (a) Cash on hand | 59 | 102 | 573 |
| (b) Balances with banks in current accounts | 24,824 | 6,812 | 5,187 |
| (c) Cheques on hand | 280 | 1,214 | 1,577 |
| Total | 25,163 | 8,128 | 7,337 |

Note:

- (i) Of the above, the balances that meet the definition of Cash and Cash Equivalents as per Ind AS 7 Cash Flow Statements is Rs. 25,111 lakh (March 31, 2018 : Rs. 8,075 lakh and April 1, 2017 : Rs. 7,284 lakh)
- (ii) Balance with banks in current accounts includes Rs. 52 lakh (March 31, 2018 : Rs. 53 lakh and April 1, 2017 : Rs.53 lakh) towards unclaimed debenture application money and interest accrued thereon.

5. OTHER BALANCES WITH BANKS

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|-------------------------|-------------------------|------------------------|
| Balances with banks in deposit accounts (Refer note below) | 36 | 4,462 | 3 |
| Total | 36 | 4,462 | 3 |

Note:

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

6. TRADE RECEIVABLES

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|-------------------------|-------------------------|------------------------|
| (i) Receivables considered good - secured | - | - | - |
| (ii) Receivables considered good - unsecured | 3,454 | 6,675 | 2,001 |
| (iii) Receivables which have significant increase in credit risk - unsecured | 26 | 78 | 48 |
| (iv) Receivables - credit impaired - unsecured | 246 | 230 | - |
| | 3,726 | 6,983 | 2,049 |
| Less: Allowance for impairment loss | - | - | - |
| (i) significant increase in credit risk | 26 | 78 | 48 |
| (ii) credit impaired | 246 | 230 | - |
| Total | 3,454 | 6,675 | 2,001 |

Trade receivables include amounts due from the related parties Rs. 174 lakh (March 31, 2018: Rs. 697 lakh and April 01, 2017 : Rs. 143 lakh)

7. LOANS

| (Rs. in lakh) | | | |
|--|-------------------------|-------------------------|------------------------|
| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
| LOANS | | | |
| (A) | | | |
| - Amortised Cost | | | |
| (i) Bills purchased and bills discounted | 32,612 | 52,394 | 40,969 |
| (ii) Loans repayable on demand | - | - | - |
| (iii) Term loans | 4,182,619 | 3,460,619 | 3,034,771 |
| (iv) Credit substitutes (refer note 7(a) below) | 160,381 | 116,771 | 94,846 |
| (v) Finance lease and hire purchase | 51,874 | 43,438 | 31,843 |
| (vi) Factoring | - | - | - |
| (vii) Retained portion of assigned loans | 3,420 | 5,567 | 7,018 |
| (viii) Inter - Company Deposits | 4,125 | 9,300 | 11,300 |
| (ix) Loan to TCL employee welfare trust | 6,286 | 7,302 | 7,302 |
| - At Fair Value through Other Comprehensive Income | | | |
| - Term loans | 21,080 | 3,273 | - |
| Total (A) - Gross | 4,462,397 | 3,698,664 | 3,228,049 |
| (B) | | | |
| (i) Secured by tangible assets | 2,539,692 | 2,189,139 | 1,981,463 |
| (ii) Secured by intangible assets | - | - | 1,102 |
| (iii) Covered by bank / government guarantees | - | - | - |
| (iv) Unsecured | 1,922,705 | 1,509,525 | 1,245,484 |
| Total (B) - Gross | 4,462,397 | 3,698,664 | 3,228,049 |
| (C) | | | |
| (I) Loans in India | | | |
| (i) Public sector | 2,081 | 6,136 | 4,593 |
| (ii) Others | 4,460,316 | 3,692,528 | 3,223,456 |
| Total - Loans in India | 4,462,397 | 3,698,664 | 3,228,049 |
| (II) Loans outside India | | | |
| (i) Public sector | - | - | - |
| (ii) Others | - | - | - |
| Total - Loans outside India | - | - | - |
| Total (C) | 4,462,397 | 3,698,664 | 3,228,049 |

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

7. b. The details of Gross investments and unearned finance income in respect of assets given under finance lease are as under:

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| Gross Investments: | | | |
| - Within one year | 22,414 | 16,385 | 10,925 |
| - Later than one year and not later than five years | 33,889 | 30,283 | 21,389 |
| - Later than five years | 330 | 533 | 228 |
| Total | 56,633 | 47,201 | 32,542 |
| Unearned Finance Income: | | | |
| - Within one year | 4,576 | 4,138 | 2,780 |
| - Later than one year and not later than five years | 4,788 | 4,601 | 3,394 |
| - Later than five years | 56 | 100 | 76 |
| Total | 9,420 | 8,839 | 6,250 |
| Present Value of Rentals *: | | | |
| - Within one year | 17,838 | 12,247 | 8,145 |
| - Later than one year and not later than five years | 29,101 | 25,682 | 17,995 |
| - Later than five years | 274 | 433 | 152 |
| Total | 47,213 | 38,362 | 26,292 |

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

7. c. Break up of Loans as under:

| (Rs. in lakh) | | | |
|--|-------------------------|-------------------------|------------------------|
| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
| LOANS | | | |
| Measured at amortised cost and FVTOCI | | | |
| (i) Secured | 2,374,443 | 2,000,015 | 1,748,821 |
| (ii) Unsecured | 1,861,083 | 1,432,200 | 1,170,182 |
| (iii) Significant Increase in Credit Risk | 117,603 | 144,080 | 125,540 |
| (iv) Impaired Asset | 109,268 | 122,368 | 183,505 |
| Gross Carrying value of Loans | 4,462,397 | 3,698,664 | 3,228,049 |

8. INVESTMENTS

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|----------------------|----------------------|---------------------|
| Investments in India | | | |
| (A) Investments carried at fair value through profit or loss | | | |
| Fully paid equity shares (quoted) | 24,029 | 16,028 | 11,565 |
| Fully paid equity shares (unquoted) | 3,503 | 3,723 | 762 |
| Investment in preference shares | 3,500 | - | - |
| Mutual and other funds (quoted) | 53 | 50 | 51 |
| Mutual and other funds (unquoted) | 1,272 | 1,075 | 1,007 |
| Security receipts | 126 | 600 | 1,130 |
| | 32,483 | 21,476 | 14,515 |
| (B) Investments carried at cost | | | |
| Associates companies | | | |
| Fully paid equity shares (unquoted) | 6,134 | 8,581 | 11,894 |
| Less: Diminution in value of investments | 585 | 585 | - |
| Net Carrying value of investments | 5,549 | 7,996 | 11,894 |
| | | | |
| Total Investments | 38,032 | 29,472 | 26,409 |

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

Note : There are no investments outside India.

8a. Scrip-wise details of Investments:

(Rs. in lakh)

| PARTICULARS | Face value Per Unit (in Rs) | As at March 31, 2019 | | As at March 31, 2018 | | As at April 1, 2017 | |
|--|-----------------------------------|----------------------|---------------|----------------------|---------------|---------------------|---------------|
| | | No. of Units | Rs in lakh | No. of Units | Rs in lakh | No. of Units | Rs in lakh |
| (A) Investments carried at cost | | | | | | | |
| Associates companies | | | | | | | |
| Fully paid equity shares (unquoted) | | | | | | | |
| Fincare Business Services Limited | 10 | 254,791 | 734 | 235,992 | 660 | 235,992 | 660 |
| Shriram Properties Limited | 10 | 2,223,569 | 3,935 | 2,223,569 | 3,935 | 2,223,569 | 3,935 |
| TVS Supply Chain Solutions Limited | 10 | 217,325 | 1,465 | 217,325 | 1,465 | 217,325 | 1,465 |
| Varroc Engineering Private Limited | 10 | - | - | 155,024 | 2,521 | 155,024 | 2,521 |
| International Asset Reconstruction Company Private Limited | 10 | - | - | - | - | 13,946,295 | 3,313 |
| | | | 6,134 | | 8,581 | | 11,894 |
| Less: Diminution in value of investments | | | 585 | | 585 | | - |
| | | | 5,549 | | 7,996 | | 11,894 |
| (B) Investments carried at fair value through profit or loss | | | | | | | |
| Mutual and other funds (quoted) | | | | | | | |
| HDFC Debt Fund For Cancer Cure | 10 | 500,000 | 53 | 500,000 | 50 | 500,000 | 51 |
| | | | 53 | | 50 | | 51 |
| Mutual and other funds (unquoted) | | | | | | | |
| Tata Liquid Fund Regular Plan - Growth | 1,000 | 43,423 | 1,272 | 39,412 | 1,075 | 39,412 | 1,007 |
| | | | 1,272 | | 1,075 | | 1,007 |
| Fully paid equity shares (quoted) | | | | | | | |
| Hindustan Unilever Limited | 1 | 2,000 | 34 | 2,000 | 27 | 2,000 | 18 |
| Praj Industries Limited | 2 | 13,422,400 | 20,560 | 13,422,400 | 10,778 | 13,422,400 | 10,745 |
| The New India Assurance company Limited | 5 | 1,083,376 | 2,056 | 541,688 | 3,861 | - | - |
| 3i Infotech Limited | 10 | 23,280,000 | 896 | 23,280,000 | 1,176 | - | - |
| Consolidated Construction Consortium Limited | 2 | 416,472 | 8 | 416,472 | 16 | - | - |
| Diamond Power Infra Limited | 10 | 1,631,881 | 26 | 1,631,881 | 122 | 1,631,881 | 565 |
| Gol Offshore Limited | 10 | 644,609 | - | 644,609 | - | 644,609 | 100 |
| Commercial Engineers & Body Builder Company Limited | 10 | 2,185,192 | 436 | - | - | - | - |
| IVRCL Limited | 2 | 1,594,857 | 13 | 1,594,857 | 48 | 2,776,522 | 137 |
| | | | 24,029 | | 16,028 | | 11,565 |
| Fully paid equity shares (unquoted) | | | | | | | |
| Adithya Automotives Private Limited | 10 | - | - | 1,396,500 | 376 | 1,396,500 | 247 |
| Aricent Technologies Holdings Limited * | 10 | 8 | 0 | 8 | 0 | 8 | 0 |
| International Asset Reconstruction Company Private Limited | 10 | 13,946,295 | 3,503 | 13,946,295 | 3,347 | - | - |
| SKS Ispat & Power Limited * | 10 | 33,931,831 | - | 33,931,831 | - | 33,931,831 | 515 |
| Coastal Projects Limited * | 10 | 4,101,806 | - | 4,101,806 | - | 4,101,806 | - |
| Tata Tele Services Limited * | 10 | 62,250,000 | 0 | 62,250,000 | 0 | 62,250,000 | 0 |
| | | | 3,503 | | 3,723 | | 762 |
| Security Receipts | | | | | | | |
| International Asset Reconstruction Company Private Limited | 1,000 | 104,135 | 126 | 104,135 | 600 | 104,135 | 1,130 |
| | | | 126 | | 600 | | 1,130 |
| Fully paid investment in Preference Shares (Non-Trade) | | | | | | | |
| 0.001% Share Microfin Limited Optionally Cumulative Convertible Redeemable Preference Shares | 10 | - | - | - | - | 900,000 | - |
| Kotak Mahindra Bank Limited | 5 | 70,000,000 | 3,500 | - | - | - | - |
| | | | 3,500 | | - | | - |
| Total Non-Current Investments | | | 38,032 | | 29,472 | | 26,409 |

* Amount less than Rs. 50,000.

9. OTHER FINANCIAL ASSETS

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|-------------------------|-------------------------|------------------------|
| (a) Security deposits | 6,912 | 8,085 | 5,776 |
| (b) Advances recoverable in cash or kind from related parties | 595 | 597 | 802 |
| (c) Pass Through Certificate application money (refundable) | 10,599 | 7,919 | 16,249 |
| (d) Receivable on sale/redemption of investment | 162 | 173 | 83 |
| Less : Provision for receivable on sale/redemption of investment | (162) | (173) | (83) |
| Net receivable on sale/redemption of investment | - | - | - |
| (e) Income accrued but not due | 6,433 | 3,494 | 2,245 |
| (f) Advances to employees | 563 | 686 | 103 |
| (g) Receivable under letter of credit/buyer's credit facility | 14,617 | 43,419 | 28,371 |
| (h) Other receivables | 326 | 466 | 344 |
| Total | 40,045 | 64,666 | 53,890 |

10. INCOME TAXES

A The income tax expense consist of the following:

(Rs. in lakh)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Current tax: | | |
| Current tax expense for the period | 23,390 | 19,981 |
| Current tax expense / (benefit) pertaining to prior years | - | - |
| | 23,390 | 19,981 |
| Deferred tax benefit | | |
| Origination and reversal of temporary differences | (1,131) | 8,268 |
| Change in tax rates | (609) | - |
| | (1,739) | 8,268 |
| Total income tax expense recognised in the year | 21,651 | 28,249 |

The reconciliation of estimated income tax expense at statutory income tax rate income tax expense reported in

(Rs. in lakh)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Profit before income taxes | 65,361 | 68,538 |
| Indian statutory income tax rate | 34.944% | 34.608% |
| Expected income tax expense | 22,840 | 23,719 |
| Tax effect of adjustments to reconcile expected income tax expense to | | |
| Income exempt from tax | (270) | (138) |
| Non deductible expenses | 2,696 | 4,617 |
| Tax on income at different rates | (3,007) | 51 |
| Change in tax rates | (609) | - |
| Total income tax expense | 21,651 | 28,249 |

Note:

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

10(i) INCOME TAXES

B. Amounts recognised in OCI

| (Rs. in lakh) | For the year ended March 31, 2019 | | | For the year ended March 31, 2018 | | |
|---|--------------------------------------|-----------------------|--------------|--------------------------------------|-----------------------|------------|
| | 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) | (548) | 191 | (357) | 74 | (26) | 48 |
| Items that are or may be reclassified subsequently to profit or loss | | | | | | |
| Net amount transferred to profit or loss | 283 | (99) | 184 | 52 | (18) | 34 |
| | (265) | 93 | (172) | 126 | (44) | 82 |

10(ii). DEFERRED TAX ASSET

The major components of deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(Rs. in lakh)

| Particulars | Opening Balance | Recognised / reversed through profit and loss | Recognised in OCI | Closing Balance |
|--|-----------------|---|-------------------|-----------------|
| Deferred Tax Assets :- | | | | |
| (a) Impairment loss allowance - Stage III | 35,861 | (4,988) | - | 30,872 |
| (b) Impairment loss allowance - Stage I & II | 17,151 | 3,285 | (29) | 20,406 |
| (d) Employee benefits | 330 | 114 | - | 444 |
| (e) Deferred income | 7,515 | 2,296 | (82) | 9,728 |
| (f) Other deferred tax assets | 2,150 | 593 | - | 2,743 |
| Deferred Tax Liabilities :- | | | | |
| (a) Debenture issue expenses | (478) | (1,672) | - | (2,150) |
| (b) Depreciation on property, plant, equipment & intangibles | 228 | 2,582 | - | 2,810 |
| (c) Investments measured at fair value | (60) | (470) | - | (530) |
| (d) Loans measured at FVTOCI | (13) | (0) | 13 | (0) |
| Net Deferred Tax Asset | 62,684 | 1,738 | (99) | 64,324 |

The major components of deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(Rs. in lakh)

| Particulars | Opening Balance | Recognised / reversed through profit and loss | Recognised in OCI | Closing Balance |
|--|-----------------|---|-------------------|-----------------|
| Deferred Tax Assets :- | | | | |
| (a) Impairment loss allowance - Stage III | 51,842 | (15,981) | - | 35,861 |
| (b) Impairment loss allowance - Stage I & II | 14,599 | 2,557 | (5) | 17,151 |
| (c) Employee benefits | 303 | 27 | - | 330 |
| (d) Deferred income | 6,003 | 1,512 | - | 7,515 |
| (e) Other deferred tax assets | 1,168 | 982 | - | 2,150 |
| Deferred Tax Liabilities :- | | | | |
| (a) Debenture issue expenses | (518) | 40 | - | (478) |
| (b) Depreciation on property, plant, equipment & intangibles | (2,417) | 2,645 | - | 228 |
| (c) Investments measured at fair value | (10) | (50) | - | (60) |
| (d) Loans measured at FVTOCI | - | - | (13) | (13) |
| Net Deferred Tax Asset | 70,970 | (8,268) | (18) | 62,684 |

Gross deferred tax assets and liabilities are as follows:

(Rs. in lakh)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| Deferred Tax Assets :- | | | |
| (a) Impairment loss allowance - Stage III | 30,872 | 35,861 | 51,842 |
| (b) Impairment loss allowance - Stage I & II | 20,406 | 17,151 | 14,599 |
| (d) Employee benefits | 444 | 330 | 303 |
| (e) Deferred income | 9,728 | 7,515 | 6,003 |
| (f) Other deferred tax assets | 2,743 | 2,150 | 1,168 |
| Deferred Tax Liabilities :- | | | |
| (a) Debenture issue expenses | (2,150) | (478) | (518) |
| (b) Depreciation on property, plant & equipment | 2,810 | 228 | (2,417) |
| (c) Fair value of investments | (530) | (60) | (10) |
| (d) Loans measured at FVTOCI | (0) | (13) | - |
| Net Deferred Tax Asset | 64,324 | 62,684 | 70,970 |

11. PROPERTY, PLANT AND EQUIPMENT
(Rs. in lakh)

| Particulars | Gross Block | | | | Accumulated depreciation and amortisation | | | | Net Carrying Value |
|--|-------------------------------------|------------------------|--------------|--------------------------------------|---|---|------------------------|--------------------------------------|----------------------|
| | Opening balance as at April 1, 2018 | Additions/ Adjustments | Deletions | Closing balance as at March 31, 2019 | Opening balance as at April 1, 2018 | Depreciation/ Amortisation for the year | Deletions/ Adjustments | Closing balance as at March 31, 2019 | As at March 31, 2019 |
| TANGIBLE ASSETS | | | | | | | | | |
| Buildings | 3,677 | - | - | 3,677 | 200 | 200 | - | 400 | 3,277 |
| | 3,677 | - | - | 3,677 | - | 200 | - | 200 | 3,477 |
| Leasehold Improvements | 2,055 | 266 | 67 | 2,254 | 546 | 479 | 31 | 994 | 1,260 |
| | 1,701 | 365 | 11 | 2,055 | - | 547 | 1 | 546 | 1,509 |
| Furniture & Fixtures | 616 | 133 | 19 | 730 | 100 | 127 | 7 | 219 | 511 |
| | 492 | 132 | 8 | 616 | - | 101 | 1 | 100 | 516 |
| Computer Equipment | 2,600 | 1,026 | 2 | 3,624 | 604 | 843 | 1 | 1,446 | 2,178 |
| | 1,618 | 982 | - | 2,600 | - | 604 | - | 604 | 1,996 |
| Office Equipment | 690 | 364 | 28 | 1,026 | 203 | 229 | 11 | 421 | 604 |
| | 482 | 210 | 2 | 690 | - | 203 | - | 203 | 487 |
| Plant & Machinery | 255 | - | 15 | 240 | 51 | 46 | 7 | 90 | 150 |
| | 257 | 4 | 6 | 255 | - | 52 | 1 | 51 | 204 |
| Vehicles | 483 | 176 | 197 | 462 | 167 | 144 | 98 | 213 | 250 |
| | 452 | 83 | 52 | 483 | - | 181 | 14 | 167 | 316 |
| ASSETS GIVEN UNDER OPERATING LEASE/RENTAL | | | | | | | | | |
| Construction Equipment | 11,355 | 3,497 | 370 | 14,482 | 1,779 | 2,801 | 156 | 4,424 | 10,058 |
| | 14,299 | 1,787 | 4,731 | 11,355 | - | 2,827 | 1,048 | 1,779 | 9,576 |
| Vehicles | 2,351 | 2,355 | 389 | 4,317 | 698 | 1,359 | 250 | 1,806 | 2,510 |
| | 1,581 | 1,913 | 1,143 | 2,351 | - | 897 | 199 | 698 | 1,653 |
| Plant & Machinery | 32,711 | 34,031 | 1,568 | 65,174 | 6,416 | 11,018 | 741 | 16,693 | 48,481 |
| | 21,619 | 12,323 | 1,231 | 32,711 | - | 6,515 | 99 | 6,416 | 26,295 |
| Computer Equipment | 15,018 | 6,104 | 1,288 | 19,834 | 6,584 | 5,563 | 1,105 | 11,042 | 8,792 |
| | 12,900 | 3,225 | 1,107 | 15,018 | - | 7,154 | 570 | 6,584 | 8,434 |
| Furniture & Fixtures | 957 | 252 | 43 | 1,166 | 296 | 317 | 41 | 572 | 594 |
| | 834 | 123 | - | 957 | - | 296 | - | 296 | 661 |
| Office Equipments | 1,438 | 1,952 | 100 | 3,291 | 785 | 713 | 96 | 1,402 | 1,889 |
| | 1,245 | 204 | 11 | 1,438 | - | 792 | 7 | 785 | 653 |
| Railway Wagons | 14,957 | 53 | - | 15,010 | 2,580 | 2,751 | - | 5,331 | 9,679 |
| | 14,833 | 124 | - | 14,957 | - | 2,580 | - | 2,580 | 12,377 |
| Electrical Installation & Equipments | 1,074 | 747 | - | 1,821 | 228 | 339 | - | 567 | 1,255 |
| | 1,062 | 12 | - | 1,074 | - | 228 | - | 228 | 846 |
| TANGIBLE ASSETS - TOTAL | 90,237 | 50,957 | 4,086 | 137,108 | 21,237 | 26,928 | 2,544 | 45,621 | 91,487 |
| | 77,052 | 21,487 | 8,302 | 90,237 | - | 23,177 | 1,940 | 21,237 | 69,000 |

| Particulars | Gross Block | | | | Accumulated depreciation and amortisation | | | | Net Carrying Value |
|--|-------------------------------------|------------------------|--------------|--------------------------------------|---|---|------------------------|--------------------------------------|----------------------|
| | Opening balance as at April 1, 2018 | Additions/ Adjustments | Deletions | Closing balance as at March 31, 2019 | Opening balance as at April 1, 2018 | Depreciation/ Amortisation for the year | Deletions/ Adjustments | Closing balance as at March 31, 2019 | As at March 31, 2019 |
| INTANGIBLE ASSETS (other than internally generated) | | | | | | | | | |
| Goodwill | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| Software | 2,769 | 359 | - | 3,128 | 455 | 495 | - | 950 | 2,179 |
| | <i>1,109</i> | <i>1,671</i> | <i>11</i> | <i>2,769</i> | - | <i>460</i> | <i>5</i> | <i>455</i> | <i>2,314</i> |
| INTANGIBLE ASSETS - TOTAL | 2,769 | 359 | - | 3,128 | 455 | 495 | - | 950 | 2,179 |
| | <i>1,109</i> | <i>1,671</i> | <i>11</i> | <i>2,769</i> | - | <i>460</i> | <i>5</i> | <i>455</i> | <i>2,314</i> |
| Total | 93,006 | 51,316 | 4,086 | 140,236 | 21,692 | 27,422 | 2,544 | 46,570 | 93,666 |
| | <i>78,161</i> | <i>23,158</i> | <i>8,313</i> | <i>93,006</i> | - | <i>23,637</i> | <i>1,945</i> | <i>21,692</i> | <i>71,314</i> |

Figures in italics relate to March 31, 2018

12. OTHER NON-FINANCIAL ASSETS (UNSECURED - CONSIDERED GOOD)**(Rs. in lakh)**

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|---------------------------------|---------------------------------|--------------------------------|
| (a) Capital advances | 22,640 | 17,452 | 7,806 |
| (b) Prepaid expenses | 2,116 | 1,927 | 2,579 |
| (c) Gratuity asset (Net) | - | 49 | 239 |
| (d) Balances with government authorities | 10,163 | 4,868 | 1,431 |
| (e) Non Current Assets held-for-sale | - | 1,326 | 3,582 |
| (f) Unamortised loan sourcing costs | 12,602 | 10,702 | 10,335 |
| (g) Other advances | 222 | 381 | 244 |
| Total | 47,743 | 36,705 | 26,216 |

13. TRADE PAYABLES

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| (a) Others | | | |
| (i) Accrued expenses | 29,707 | 18,580 | 16,171 |
| (ii) Payable to related parties | - | 142 | 28 |
| (iii) Payable to dealers/vendors/customer | 25,405 | 33,253 | 27,422 |
| (iv) Others | 798 | 591 | 916 |
| Total | 55,910 | 52,566 | 44,537 |

Note - The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

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

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|-------------------------|-------------------------|------------------------|
| (a) Amounts outstanding but not due as at year end | - | - | - |
| (b) Amounts due but unpaid as at year end | - | - | - |
| (c) Amounts paid after appointed date during the year | - | - | - |
| (d) Amount of interest accrued and unpaid as at year end | - | - | - |
| (e) The amount of further interest due and payable even in the succeeding year | - | - | - |
| Total | - | - | - |

14. DEBT SECURITIES

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|-------------------------|-------------------------|------------------------|
| DEBT SECURITIES In India | | | |
| At amortised cost | | | |
| Secured | | | |
| Privately Placed Non-Convertible Debentures (Refer note 14.1 and 14.3 below) [Net of unamortised discount of Rs. 47 lakh (March 31, 2018 : Nil and April 1, 2017 : Nil) and premium of Rs. 307 lakh (March 31, 2018 : Rs. 57 lakh and April 1, 2017 : Nil)] | 1,221,527 | 1,053,378 | 1,156,047 |
| Public issue of Non-Convertible Debentures (Refer notes 14.2 and 14.4 to 14.6 below) | 295,826 | 28,799 | 28,779 |
| Unsecured | | | |
| Privately Placed Non-Convertible Debentures (Refer notes 14.7 to 14.10 below) | 91,795 | 149,970 | 84,962 |
| DEBT SECURITIES Outside India | - | - | - |
| Total | 1,609,148 | 1,232,147 | 1,269,788 |

Notes

- 14.1.** Privately Placed Non-Convertible Debentures are secured by pari passu charge on the specific immovable property, specified receivables arising out of loan, lease, hire purchase transactions and to the extent of shortfall in asset cover by a pari passu charge on the current assets of the Company.
- 14.2.** Public issue of Non-Convertible Debentures are secured by a pari passu charge on the specific immovable property, receivables against unsecured loans, bills discounted and trade advances and other current assets of the Company.

14. 3. Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2019

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|--|------------|-----------------|-----------------------|------------|-----------------------|------------|----------------------|------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL NCD "H" FY 2018-19 Op-II | 19-Dec-18 | 19-Dec-28 | 1,120 | 11,200 | - | - | - | - |
| TCFSL NCD "H" FY 2018-19 Op-II 1 Further issue Premium | 03-Jan-19 | 19-Dec-28 | 230 | 2,300 | - | - | - | - |
| TCFSL NCD "AF" FY 2014-15 Op-I | 08-Dec-14 | 06-Dec-24 | 600 | 6,000 | 600 | 6,000 | 600 | 6,000 |
| TCFSL NCD "AF" FY 2014-15 Op-II | 08-Dec-14 | 06-Dec-24 | 150 | 1,500 | 150 | 1,500 | 150 | 1,500 |
| TCFSL NCD "AA" FY 2014-15 | 20-Nov-14 | 20-Nov-24 | 950 | 9,500 | 950 | 9,500 | 950 | 9,500 |
| TCFSL NCD "H" FY 2018-19 Op-I | 19-Dec-18 | 19-Dec-23 | 1,940 | 19,400 | - | - | - | - |
| TCFSL NCD "H" FY 2018-19 Op-I 1 Further issue Premium | 03-Jan-19 | 19-Dec-23 | 975 | 9,750 | - | - | - | - |
| TCFSL NCD "H" FY 2018-19 Op-I 2 Further issue Premium | 15-Feb-19 | 19-Dec-23 | 300 | 3,000 | - | - | - | - |
| TCFSL NCD "H" FY 2018-19 Op-II 2 Further issue Premium | 15-Feb-19 | 19-Dec-23 | 550 | 5,500 | - | - | - | - |
| TCFSL NCD "P" FY 2017-18 | 22-Jan-18 | 20-Jan-23 | 480 | 4,800 | 480 | 4,800 | - | - |
| TCFSL Market Link NCD Tranche "B" FY 2018-19 | 20-Mar-19 | 05-Dec-22 | 2,500 | 25,000 | - | - | - | - |
| TCFSL NCD "AH" FY 2012-13 | 05-Sep-12 | 05-Sep-22 | 500 | 5,000 | 500 | 5,000 | 500 | 5,000 |
| TCFSL NCD "T" FY 2018-19 | 03-Jan-19 | 10-Jun-22 | 400 | 4,000 | - | - | - | - |
| TCFSL Market Linked Tranche 'A' 2018-19 Tranch-III | 27-Feb-19 | 14-Apr-22 | 137 | 1,370 | - | - | - | - |
| TCFSL Market Linked Tranche "A" 2018-19 Tranch-III Reissuance | 12-Mar-19 | 14-Apr-22 | 159 | 1,590 | - | - | - | - |
| TCFSL NCD "D" FY 2018-19 | 22-Oct-18 | 08-Apr-22 | 1,120 | 11,200 | - | - | - | - |
| TCFSL NCD "D" FY 2018-19 Further issue Annual Comp. Premium | 23-Jan-19 | 08-Apr-22 | 485 | 4,850 | - | - | - | - |
| TCFSL NCD "AL" FY 2016-17 | 31-Mar-17 | 31-Mar-22 | 400 | 4,000 | 400 | 4,000 | 400 | 4,000 |
| TCFSL NCD "N" FY 2018-19 Op-II | 27-Mar-19 | 25-Mar-22 | 2,825 | 28,250 | - | - | - | - |
| TCFSL NCD "T" FY 2017-18 | 20-Jul-17 | 28-Feb-22 | 750 | 7,500 | 750 | 7,500 | - | - |
| TCFSL NCD "M" FY 2018-19 | 21-Feb-19 | 21-Feb-22 | 500 | 5,000 | - | - | - | - |
| TCFSL NCD "K" FY 2017-18 | 16-Aug-17 | 14-Jan-22 | 750 | 7,500 | 750 | 7,500 | - | - |
| TCFSL NCD "AG" FY 2016-17 | 28-Dec-16 | 28-Dec-21 | 2,720 | 27,200 | 2,720 | 27,200 | 2,720 | 27,200 |
| TCFSL NCD "E" FY 2018-19 | 26-Oct-18 | 26-Oct-21 | 3,262 | 32,620 | - | - | - | - |
| TCFSL NCD "G" FY 2016-17 | 30-May-16 | 28-May-21 | 500 | 5,000 | 500 | 3,500 | 500 | 2,000 |
| TCFSL Market Linked Tranche 'A' 2018-19 Tranch-II | 27-Feb-19 | 14-Apr-21 | 1,175 | 11,750 | - | - | - | - |
| TCFSL Market Linked Tranche "A" 2018-19 Tranch-II Reissuance | 12-Mar-19 | 14-Apr-21 | 385 | 3,850 | - | - | - | - |
| TCFSL Market Linked Tranche "A" 2018-19 Tranch-II Reissuance 2 | 29-Mar-19 | 14-Apr-21 | 260 | 2,600 | - | - | - | - |
| TCFSL NCD "N" FY 2018-19 Op-I | 27-Mar-19 | 26-Mar-21 | 5,250 | 52,500 | - | - | - | - |
| TCFSL NCD "AB" FY 2015-16 | 21-Mar-16 | 19-Mar-21 | 100 | 1,000 | 100 | 1,000 | 100 | 1,000 |
| TCFSL NCD "AA" FY 2015-16 | 16-Mar-16 | 16-Mar-21 | 70 | 700 | 70 | 700 | 70 | 700 |
| TCFSL NCD "O" FY 2017-18 | 12-Jan-18 | 22-Jan-21 | 750 | 7,500 | 750 | 7,500 | - | - |
| TCFSL NCD "J" FY 2018-19 | 10-Jan-19 | 11-Jan-21 | 250 | 2,500 | - | - | - | - |
| TCFSL NCD "X" FY 2015-16 | 16-Dec-15 | 16-Dec-20 | 100 | 1,000 | 100 | 1,000 | 100 | 1,000 |
| TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I | 27-Feb-19 | 14-Aug-20 | 1,448 | 14,480 | - | - | - | - |
| TCFSL Market Linked Tranche "A" 2018-19 Tranch-I Reissuance | 12-Mar-19 | 14-Aug-20 | 102 | 1,020 | - | - | - | - |
| TCFSL Market Linked Tranche "A" 2018-19 Tranch-I Reissuance 1 | 28-Mar-19 | 14-Aug-20 | 340 | 3,400 | - | - | - | - |
| TCFSL NCD "E" FY 2017-18 | 06-Jul-17 | 06-Aug-20 | 500 | 5,000 | 500 | 5,000 | - | - |
| TCFSL NCD "K" FY 2018-19 Op-I | 16-Jan-19 | 15-Jul-20 | 3,760 | 37,600 | - | - | - | - |
| TCFSL NCD "G" FY 2017-18 | 12-Jul-17 | 10-Jul-20 | 250 | 2,500 | 250 | 2,500 | - | - |
| TCFSL NCD "U" FY 2016-17 | 26-Aug-16 | 01-Jul-20 | 150 | 1,500 | 150 | 1,500 | 150 | 1,500 |
| TCFSL NCD "L" FY 2018-19 | 29-Jan-19 | 29-Jun-20 | 3,500 | 35,000 | - | - | - | - |
| TCFSL NCD "G" FY 2018-19 | 30-Nov-18 | 26-Jun-20 | 1,300 | 13,000 | - | - | - | - |
| TCFSL NCD "G" FY 2018-19 Further issue - I Par Premium | 10-Jan-19 | 26-Jun-20 | 300 | 3,047 | - | - | - | - |
| TCFSL NCD "G" FY 2018-19 Further issue - II Par Premium | 23-Jan-19 | 26-Jun-20 | 1,490 | 15,185 | - | - | - | - |
| TCFSL NCD "D" FY 2017-18 | 09-Jun-17 | 09-Jun-20 | 10,150 | 101,500 | 10,150 | 101,500 | - | - |
| TCFSL NCD "E" FY 2015-16 | 05-May-15 | 05-May-20 | 3,300 | 33,000 | 3,300 | 33,000 | 3,300 | 33,000 |
| TCFSL NCD "F" FY 2018-19 | 26-Nov-18 | 20-Mar-20 | 750 | 7,500 | - | - | - | - |
| TCFSL NCD "K" FY 2018-19 Op-II | 16-Jan-19 | 20-Mar-20 | 4,000 | 40,000 | - | - | - | - |
| TCFSL NCD "AJ" FY 2016-17 | 01-Mar-17 | 28-Feb-20 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "Q" FY 2017-18 | 24-Jan-18 | 24-Jan-20 | 7,000 | 70,000 | 7,000 | 70,000 | - | - |
| TCFSL NCD "C" FY 2018-19 | 19-Jul-18 | 20-Jan-20 | 3,950 | 39,500 | - | - | - | - |
| TCFSL NCD "C" FY 2018-19 Further Issuance Discount | 06-Dec-18 | 20-Jan-20 | 2,300 | 23,000 | - | - | - | - |
| TCFSL NCD "B" FY 2018-19 | 29-Jun-18 | 27-Dec-19 | 1,850 | 18,500 | - | - | - | - |
| TCFSL NCD "B" FY 2018-19 Further Issuance Discount | 05-Jul-18 | 27-Dec-19 | 1,800 | 18,000 | - | - | - | - |
| TCFSL NCD "T" FY 2016-17 Op-II | 10-Jun-16 | 23-Dec-19 | 130 | 1,300 | 130 | 1,300 | 130 | 1,300 |
| TCFSL NCD "AE" FY 2016-17 | 16-Nov-16 | 16-Dec-19 | 750 | 7,500 | 750 | 7,500 | 750 | 7,500 |
| TCFSL NCD "AD" FY 2016-17 | 10-Nov-16 | 10-Dec-19 | 230 | 2,300 | 230 | 2,300 | 230 | 2,300 |
| TCFSL NCD "AC" FY 2016-17 | 27-Oct-16 | 25-Oct-19 | 350 | 3,500 | 350 | 3,500 | 350 | 3,500 |
| TCFSL NCD "L" FY 2017-18 | 29-Sep-17 | 27-Sep-19 | 2,000 | 20,000 | 2,000 | 20,000 | - | - |
| TCFSL NCD "A" FY 2018-19 | 19-Jun-18 | 19-Sep-19 | 5,400 | 54,000 | - | - | - | - |
| TCFSL NCD "V" FY 2016-17 Op-II | 31-Aug-16 | 30-Aug-19 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "T" FY 2016-17 | 25-Aug-16 | 23-Aug-19 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "J" FY 2017-18 | 07-Aug-17 | 07-Aug-19 | 5,500 | 55,000 | 5,500 | 55,000 | - | - |
| TCFSL NCD "J" FY 2017-18 Further Issuance Premium | 01-Sep-17 | 07-Aug-19 | 2,478 | 24,780 | 2,478 | 24,780 | - | - |
| TCFSL NCD "P" FY 2016-17 | 29-Jul-16 | 29-Jul-19 | 100 | 1,000 | 100 | 1,000 | 100 | 1,000 |
| TCFSL NCD "O" FY 2016-17 | 19-Jul-16 | 19-Jul-19 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "H" FY 2017-18 | 18-Jul-17 | 18-Jul-19 | 5,000 | 50,000 | 5,000 | 50,000 | - | - |
| TCFSL NCD "N" FY 2016-17 | 12-Jul-16 | 12-Jul-19 | 2,000 | 20,000 | 2,000 | 20,000 | 2,000 | 20,000 |
| TCFSL NCD "F" FY 2017-18 | 10-Jul-17 | 10-Jul-19 | 1,000 | 10,000 | 1,000 | 10,000 | - | - |
| TCFSL NCD "C" FY 2014-15 Op-II | 09-Jul-14 | 09-Jul-19 | 350 | 3,500 | 350 | 3,500 | 350 | 3,500 |
| TCFSL NCD "T" FY 2016-17 Op-I | 10-Jun-16 | 24-Jun-19 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "B" FY 2017-18 | 30-May-17 | 30-May-19 | 2,250 | 22,500 | 2,250 | 22,500 | - | - |
| TCFSL NCD "N" FY 2017-18 | 29-Nov-17 | 29-May-19 | 500 | 5,000 | 500 | 5,000 | - | - |
| TCFSL NCD "F" FY 2016-17 | 24-May-16 | 24-May-19 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "Z" FY 2015-16 | 05-Feb-16 | 03-May-19 | 1,000 | 10,000 | 1,000 | 10,000 | 1,000 | 10,000 |
| TCFSL NCD "D" FY 2016-17 | 20-Apr-16 | 19-Apr-19 | 100 | 1,000 | 100 | 1,000 | 100 | 1,000 |
| TCFSL NCD "AC" FY 2015-16 | 31-Mar-16 | 18-Apr-19 | 213 | 2,130 | 213 | 2,130 | 213 | 2,130 |
| TCFSL NCD "A" FY 2017-18 | 10-Apr-17 | 10-Apr-19 | 10,250 | 102,500 | 10,250 | 102,500 | - | - |
| TCFSL NCD "B" FY 2016-17 | 07-Apr-16 | 08-Apr-19 | 200 | 2,000 | 200 | 2,000 | 200 | 2,000 |
| TCFSL NCD "M" FY 2017-18 | 16-Nov-17 | 28-Mar-19 | - | - | 7,500 | 75,000 | - | - |
| TCFSL NCD "AK" FY 2016-17 | 27-Mar-17 | 27-Mar-19 | - | - | 190 | 1,900 | 190 | 1,900 |
| TCFSL NCD "AA" FY 2016-17 | 06-Oct-16 | 18-Mar-19 | - | - | 500 | 5,000 | 500 | 5,000 |
| TCFSL NCD "X" FY 2016-17 | 08-Sep-16 | 08-Mar-19 | - | - | 2,500 | 25,000 | 2,500 | 25,000 |
| TCFSL NCD "AI" FY 2016-17 | 08-Feb-17 | 04-Mar-19 | - | - | 1,000 | 10,000 | 1,000 | 10,000 |
| TCFSL NCD "AH" FY 2016-17 | 06-Feb-17 | 06-Feb-19 | - | - | 1,500 | 15,000 | 1,500 | 15,000 |
| TCFSL NCD "Y" FY 2015-16 | 08-Jan-16 | 08-Jan-19 | - | - | 250 | 2,500 | 250 | 2,500 |

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|---|------------|-----------------|-----------------------|------------|-----------------------|------------|----------------------|------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL NCD "C" FY 2017-18 | 02-Jun-17 | 30-Nov-18 | - | - | 1,000 | 10,000 | - | - |
| TCFSL NCD "AF" FY 2016-17 | 29-Nov-16 | 29-Nov-18 | - | - | 3,000 | 30,000 | 3,000 | 30,000 |
| TCFSL NCD "AA" FY 2011-12 | 21-Oct-11 | 21-Oct-18 | - | - | 150 | 1,500 | 150 | 1,500 |
| TCFSL NCD "AB" FY 2016-17 | 14-Oct-16 | 12-Oct-18 | - | - | 5,450 | 54,500 | 5,450 | 54,500 |
| TCFSL NCD "R" FY 2017-18 | 23-Mar-18 | 24-Sep-18 | - | - | 2,500 | 25,000 | - | - |
| TCFSL NCD "R" FY 2011-12 | 23-Sep-11 | 23-Sep-18 | - | - | 100 | 1,000 | 100 | 1,000 |
| TCFSL NCD "W" FY 2016-17 | 06-Sep-16 | 06-Sep-18 | - | - | 2,500 | 25,000 | 2,500 | 25,000 |
| TCFSL NCD "V" FY 2016-17 Op-I | 31-Aug-16 | 31-Aug-18 | - | - | 300 | 3,000 | 300 | 3,000 |
| TCFSL NCD "S" FY 2015-16 | 26-Aug-15 | 24-Aug-18 | - | - | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "O" FY 2013-14 | 20-Aug-13 | 20-Aug-18 | - | - | 430 | 4,300 | 430 | 4,300 |
| TCFSL NCD "M" FY 2011-12 | 17-Aug-11 | 17-Aug-18 | - | - | 40 | 400 | 40 | 400 |
| TCFSL NCD "S" FY 2016-17 | 16-Aug-16 | 16-Aug-18 | - | - | 750 | 7,500 | 750 | 7,500 |
| TCFSL NCD "R" FY 2016-17 | 12-Aug-16 | 13-Aug-18 | - | - | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "Q" FY 2016-17 | 02-Aug-16 | 02-Aug-18 | - | - | 1,500 | 15,000 | 1,500 | 15,000 |
| TCFSL NCD "Q" FY 2015-16 Op-I | 13-Jul-15 | 13-Jul-18 | - | - | 50 | 500 | 50 | 500 |
| TCFSL NCD "L" FY 2015-16 | 22-Jun-15 | 22-Jun-18 | - | - | 3,800 | 38,000 | 3,800 | 38,000 |
| TCFSL NCD "G" FY 2013-14 | 22-May-13 | 22-May-18 | - | - | 2,000 | 20,000 | 2,000 | 20,000 |
| TCFSL NCD "H" FY 2013-14 | 22-May-13 | 22-May-18 | - | - | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "D" FY 2013-14 | 07-May-13 | 07-May-18 | - | - | 200 | 2,000 | 200 | 2,000 |
| TCFSL NCD "E" FY 2013-14 | 07-May-13 | 07-May-18 | - | - | 500 | 5,000 | 500 | 5,000 |
| TCFSL NCD "A" FY 2013-14 Op-I | 23-Apr-13 | 23-Apr-18 | - | - | 850 | 8,500 | 850 | 8,500 |
| TCFSL NCD "AK" FY 2014-15 Op-II | 15-Jan-15 | 05-Apr-18 | - | - | 59 | 590 | 59 | 590 |
| TCFSL NCD "AX" FY 2014-15 Op-II | 20-Mar-15 | 03-Apr-18 | - | - | 80 | 800 | 80 | 800 |
| TCFSL NCD "BF" FY 2012-13 | 26-Mar-13 | 26-Mar-18 | - | - | - | - | 50 | 500 |
| TCFSL NCD "J" FY 2016-17 Op-I | 15-Jun-16 | 26-Mar-18 | - | - | - | - | 300 | 3,000 |
| TCFSL NCD "Y" FY 2016-17 | 30-Sep-16 | 26-Mar-18 | - | - | - | - | 1,500 | 15,000 |
| TCFSL NCD "Z" FY 2016-17 | 04-Oct-16 | 26-Mar-18 | - | - | - | - | 3,500 | 35,000 |
| TCFSL NCD "AY" FY 2014-15 Op-I | 24-Mar-15 | 23-Mar-18 | - | - | - | - | 150 | 1,500 |
| TCFSL NCD "A" FY 2016-17 | 05-Apr-16 | 20-Mar-18 | - | - | - | - | 1,250 | 12,500 |
| TCFSL NCD "E" FY 2016-17 | 22-Apr-16 | 20-Mar-18 | - | - | - | - | 700 | 7,000 |
| TCFSL NCD "C" FY 2016-17 | 13-Apr-16 | 15-Mar-18 | - | - | - | - | 2,500 | 25,000 |
| TCFSL NCD "AV" FY 2014-15 Op-II | 10-Mar-15 | 09-Mar-18 | - | - | - | - | 500 | 5,000 |
| TCFSL NCD "AT" FY 2014-15 Op-I | 02-Mar-15 | 02-Mar-18 | - | - | - | - | 650 | 6,500 |
| TCFSL NCD "AQ" FY 2014-15 | 20-Feb-15 | 12-Feb-18 | - | - | - | - | 60 | 600 |
| TCFSL NCD "AP" FY 2014-15 Op-I | 04-Feb-15 | 02-Feb-18 | - | - | - | - | 500 | 5,000 |
| TCFSL NCD "AN" FY 2014-15 | 29-Jan-15 | 29-Jan-18 | - | - | - | - | 3,000 | 30,000 |
| TCFSL NCD "AL" FY 2014-15 | 20-Jan-15 | 24-Jan-18 | - | - | - | - | 210 | 2,100 |
| TCFSL NCD "AY" FY 2012-13 | 22-Jan-13 | 22-Jan-18 | - | - | - | - | 2,000 | 20,000 |
| TCFSL NCD "BA" FY 2012-13 | 22-Jan-13 | 22-Jan-18 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "A"Z" FY 2012-13 | 22-Jan-13 | 22-Jan-18 | - | - | - | - | 3,000 | 30,000 |
| TCFSL NCD "AX" FY 2012-13 | 16-Jan-13 | 16-Jan-18 | - | - | - | - | 650 | 6,500 |
| TCFSL NCD "AK" FY 2014-15 Op-I | 15-Jan-15 | 15-Jan-18 | - | - | - | - | 97 | 970 |
| TCFSL NCD "AJ" FY 2014-15 | 14-Jan-15 | 10-Jan-18 | - | - | - | - | 162 | 1,620 |
| TCFSL NCD "L" FY 2016-17 | 07-Jul-16 | 08-Jan-18 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "AH" FY 2014-15 Op-III | 16-Dec-14 | 04-Jan-18 | - | - | - | - | 90 | 900 |
| TCFSL NCD "K" FY 2016-17 | 24-Jun-16 | 26-Dec-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "J" FY 2016-17 Op-II | 15-Jun-16 | 15-Dec-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "AF" FY 2014-15 Op-III | 08-Dec-14 | 08-Dec-17 | - | - | - | - | 50 | 500 |
| TCFSL NCD "AS" FY 2012-13 | 05-Dec-12 | 05-Dec-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "AB" FY 2014-15 Op-III | 21-Nov-14 | 29-Nov-17 | - | - | - | - | 150 | 1,500 |
| TCFSL NCD "AB" FY 2014-15 Op-II | 21-Nov-14 | 27-Nov-17 | - | - | - | - | 200 | 2,000 |
| TCFSL NCD "X" FY 2014-15 Op-II | 14-Nov-14 | 24-Nov-17 | - | - | - | - | 150 | 1,500 |
| TCFSL NCD "Y" FY 2014-15 | 18-Nov-14 | 20-Nov-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "AB" FY 2014-15 Op-I | 21-Nov-14 | 20-Nov-17 | - | - | - | - | 380 | 3,800 |
| TCFSL NCD "Z" FY 2014-15 | 19-Nov-14 | 15-Nov-17 | - | - | - | - | 740 | 7,400 |
| TCFSL NCD "AQ" FY 2012-13 | 12-Nov-12 | 10-Nov-17 | - | - | - | - | 300 | 3,000 |
| TCFSL NCD "W" FY 2015-16 | 10-Nov-15 | 10-Nov-17 | - | - | - | - | 200 | 2,000 |
| TCFSL NCD "AJ" FY 2012-13 | 09-Nov-12 | 09-Nov-17 | - | - | - | - | 5,000 | 50,000 |
| TCFSL NCD "U" FY 2014-15 | 21-Oct-14 | 20-Oct-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "V" FY 2015-16 | 21-Oct-15 | 20-Oct-17 | - | - | - | - | 1,000 | 10,000 |
| TCFSL NCD "T" FY 2014-15 Op-III | 13-Oct-14 | 18-Oct-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "S" FY 2014-15 Op-I | 09-Oct-14 | 09-Oct-17 | - | - | - | - | 50 | 500 |
| TCFSL NCD "R" FY 2014-15 Op-III | 30-Sep-14 | 29-Sep-17 | - | - | - | - | 50 | 500 |
| TCFSL NCD "R" FY 2014-15 Op-II | 30-Sep-14 | 28-Sep-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "U" FY 2015-16 | 28-Sep-15 | 28-Sep-17 | - | - | - | - | 2,000 | 20,000 |
| TCFSL NCD "S" FY 2014-15 Op-V | 09-Oct-14 | 27-Sep-17 | - | - | - | - | 22 | 220 |
| TCFSL NCD "T" FY 2014-15 Op-V | 13-Oct-14 | 26-Sep-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "T" FY 2014-15 Op-I | 13-Oct-14 | 20-Sep-17 | - | - | - | - | 1,500 | 15,000 |
| TCFSL NCD "AG" FY 2012-13 | 10-Sep-12 | 08-Sep-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "M" FY 2016-17 | 08-Jul-16 | 08-Sep-17 | - | - | - | - | 1,500 | 15,000 |
| TCFSL NCD "M" FY 2014-15 | 04-Sep-14 | 04-Sep-17 | - | - | - | - | 500 | 5,000 |
| TCFSL NCD "L" FY 2014-15 Op- I | 01-Sep-14 | 01-Sep-17 | - | - | - | - | 4,000 | 40,000 |
| TCFSL NCD "R" FY 2013-14 | 26-Aug-13 | 25-Aug-17 | - | - | - | - | 300 | 3,000 |
| TCFSL NCD "M" FY 2011-12 Partial Redemption | 17-Aug-11 | 17-Aug-17 | - | - | - | - | 30 | 300 |
| TCFSL NCD "H" FY 2016-17 | 07-Jun-16 | 10-Aug-17 | - | - | - | - | 400 | 4,000 |
| TCFSL NCD "AE" FY 2012-13 | 09-Aug-12 | 09-Aug-17 | - | - | - | - | 200 | 2,000 |
| TCFSL NCD "R" FY 2015-16 | 31-Jul-15 | 31-Jul-17 | - | - | - | - | 1,570 | 15,700 |
| TCFSL NCD "H" FY 2015-16 Op-I | 15-May-15 | 17-Jul-17 | - | - | - | - | 1,270 | 12,700 |
| TCFSL NCD "F" FY 2014-15 | 14-Jul-14 | 14-Jul-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "C" FY 2014-15 Op-I | 09-Jul-14 | 10-Jul-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "O" FY 2015-16 Op-II | 07-Jul-15 | 07-Jul-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "P" FY 2015-16 | 09-Jul-15 | 07-Jul-17 | - | - | - | - | 2,500 | 25,000 |
| TCFSL NCD "M" FY 2015-16 Op-I | 24-Jun-15 | 23-Jun-17 | - | - | - | - | 1,000 | 10,000 |
| TCFSL NCD "M" FY 2015-16 Op-II | 24-Jun-15 | 23-Jun-17 | - | - | - | - | 750 | 7,500 |
| TCFSL NCD "M" FY 2015-16 Op-III | 24-Jun-15 | 23-Jun-17 | - | - | - | - | 750 | 7,500 |
| TCFSL NCD "O" FY 2015-16 Op-I | 07-Jul-15 | 23-Jun-17 | - | - | - | - | 2,500 | 25,000 |
| TCFSL NCD "H" FY 2015-16 Op-V | 15-May-15 | 20-Jun-17 | - | - | - | - | 187 | 1,870 |
| TCFSL NCD "I" FY 2015-16 Op-V | 22-May-15 | 20-Jun-17 | - | - | - | - | 67 | 670 |
| TCFSL NCD "K" FY 2015-16 | 09-Jun-15 | 09-Jun-17 | - | - | - | - | 5,000 | 50,000 |
| TCFSL NCD "C" FY 2015-16 Op-IV | 22-Apr-15 | 01-Jun-17 | - | - | - | - | 340 | 3,400 |
| TCFSL NCD "H" FY 2015-16 Op-VI | 15-May-15 | 01-Jun-17 | - | - | - | - | 175 | 1,750 |
| TCFSL NCD "I" FY 2015-16 Op-I | 22-May-15 | 01-Jun-17 | - | - | - | - | 1,273 | 12,730 |
| TCFSL NCD "G" FY 2015-16 Op-I | 13-May-15 | 24-May-17 | - | - | - | - | 350 | 3,500 |

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|-----------------------------------|------------|-----------------|-----------------------|------------------|-----------------------|------------------|----------------------|------------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL NCD "J" FY 2015-16 Op-II | 26-May-15 | 24-May-17 | - | - | - | - | 5,250 | 52,500 |
| TCFSL NCD "H" FY 2015-16 Op-IV | 15-May-15 | 24-May-17 | - | - | - | - | 220 | 2,200 |
| TCFSL NCD "B" FY 2015-16 | 20-Apr-15 | 22-May-17 | - | - | - | - | 1,026 | 10,260 |
| TCFSL NCD "H" FY 2015-16 Op-II | 15-May-15 | 22-May-17 | - | - | - | - | 780 | 7,800 |
| TCFSL NCD "I" FY 2015-16 Op-II | 22-May-15 | 17-May-17 | - | - | - | - | 200 | 2,000 |
| TCFSL NCD "H" FY 2015-16 Op-VIII | 15-May-15 | 15-May-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "H" FY 2015-16 Op-III | 15-May-15 | 12-May-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "AU" FY 2014-15 Op-III | 05-Mar-15 | 02-May-17 | - | - | - | - | 110 | 1,100 |
| TCFSL NCD "G" FY 2015-16 Op-II | 13-May-15 | 27-Apr-17 | - | - | - | - | 90 | 900 |
| TCFSL NCD "C" FY 2015-16 Op-III | 22-Apr-15 | 25-Apr-17 | - | - | - | - | 850 | 8,500 |
| TCFSL NCD "C" FY 2015-16 Op-II | 22-Apr-15 | 20-Apr-17 | - | - | - | - | 70 | 700 |
| TCFSL NCD "C" FY 2015-16 Op-I | 22-Apr-15 | 19-Apr-17 | - | - | - | - | 326 | 3,260 |
| TCFSL NCD "D" FY 2015-16 Op-II | 24-Apr-15 | 18-Apr-17 | - | - | - | - | 88 | 880 |
| TCFSL NCD "A" FY 2015-16 | 15-Apr-15 | 11-Apr-17 | - | - | - | - | 180 | 1,800 |
| TCFSL NCD "H" FY 2015-16 Op-VII | 15-May-15 | 11-Apr-17 | - | - | - | - | 120 | 1,200 |
| TCFSL NCD "AU" FY 2014-15 Op-I | 05-Mar-15 | 10-Apr-17 | - | - | - | - | 115 | 1,150 |
| TCFSL NCD "D" FY 2015-16 Op-IV | 24-Apr-15 | 05-Apr-17 | - | - | - | - | 510 | 5,100 |
| TCFSL NCD "D" FY 2015-16 Op-I | 24-Apr-15 | 03-Apr-17 | - | - | - | - | 640 | 6,400 |
| TCFSL NCD "D" FY 2015-16 Op-III | 24-Apr-15 | 03-Apr-17 | - | - | - | - | 190 | 1,900 |
| Total (A) | | | | 1,222,172 | | 1,053,700 | | 1,156,500 |
| Add : Unamortised premium | | | | 307 | | 57 | | - |
| Total (B) | | | | 307 | | 57 | | - |
| Less : Unamortised borrowing cost | | | | (906) | | (379) | | (453) |
| Less : Unamortised discount | | | | (46) | | - | | - |
| Total (C) | | | | (952) | | (379) | | (453) |
| TOTAL (A+B+C) | | | | 1,221,527 | | 1,053,378 | | 1,156,047 |

*Coupon rate of "NCDs" outstanding as on March 31, 2019 varies from 7.50% to 9.85% (March 31, 2018 : 7.50% to 10.40%) (April 01, 2017 : 7.58% to 10.75%)

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

14. 4. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2019

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|----------------------------------|------------|-----------------|----------------|----------------|
| TCFSL NCD Series I (2019) | 27-Sep-18 | 27-Sep-21 | 502,863 | 5,029 |
| TCFSL NCD Series I (2019) | 27-Sep-18 | 27-Sep-21 | 14,177,673 | 141,777 |
| TCFSL NCD Series II (2019) | 27-Sep-18 | 27-Sep-23 | 768,789 | 7,688 |
| TCFSL NCD Series II (2019) | 27-Sep-18 | 27-Sep-23 | 14,570,710 | 145,707 |
| | | | | 300,200 |
| Less: Unamortised borrowing cost | | | | (4,374) |
| Total | | | | 295,826 |

Note : Coupon rate of above outstanding as on March 31, 2019 varies from 8.70% to 8.90%

14. 5. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2018

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|----------------------------------|------------|-----------------|----------------|---------------|
| TCFSL NCD Option I (2009) | 6-Mar-09 | 5-Mar-19 | 310 | 310 |
| TCFSL NCD Option II (2009) | 6-Mar-09 | 5-Mar-19 | 177,875 | 1,779 |
| TCFSL NCD Option III (2009) | 6-Mar-09 | 5-Mar-19 | 1,497,029 | 14,970 |
| TCFSL NCD Option IV (2009) | 6-Mar-09 | 5-Mar-19 | 1,175,939 | 11,759 |
| | | | | 28,818 |
| Less: Unamortised borrowing cost | | | | (19) |
| Total | | | | 28,799 |

Note : Coupon rate of above outstanding as on March 31, 2018 varies from 9.75% to 10.50%

14. 6. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on April 01, 2017

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|----------------------------------|------------|-----------------|----------------|---------------|
| TCFSL NCD Option I (2009) | 6-Mar-09 | 5-Mar-19 | 310 | 310 |
| TCFSL NCD Option II (2009) | 6-Mar-09 | 5-Mar-19 | 177,875 | 1,779 |
| TCFSL NCD Option III (2009) | 6-Mar-09 | 5-Mar-19 | 1,497,029 | 14,970 |
| TCFSL NCD Option IV (2009) | 6-Mar-09 | 5-Mar-19 | 1,175,939 | 11,759 |
| | | | | 28,818 |
| Less: Unamortised borrowing cost | | | | (39) |
| Total | | | | 28,779 |

Note : Coupon rate of above outstanding as on April 01, 2017 varies from 9.75% to 10.50%

14 7. Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2019

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|--|------------|-----------------|----------------|---------------|
| TCFSL Unsecured NCD A FY 2017-18 | 27-Jun-17 | 27-Jun-19 | 8,000 | 80,000 |
| TCFSL Unsecured NCD Partly paid "A" FY 2018-19 | 19-Mar-19 | 10-Aug-18 | 118 | 11,800 |
| TOTAL | | | | 91,800 |
| Less: Unamortised borrowing cost | | | | (5) |
| Total | | | | 91,795 |

Note : Coupon rate of above outstanding as on March 31, 2019 varies from 7.90% to 8.93%

14 8. Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2018

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|------------------------------------|------------|-----------------|----------------|----------------|
| TCFSL Unsecured NCD A FY 2017-18 | 27-Jun-17 | 27-Jun-19 | 8,000 | 80,000 |
| TCFSL Unsecured NCD "A" FY 2015-16 | 12-Aug-15 | 10-Aug-18 | 2,000 | 20,000 |
| TCFSL Unsecured NCD B FY 2016-17 | 27-Apr-16 | 27-Apr-18 | 2,000 | 20,000 |
| TCFSL Unsecured NCD A FY 2016-17 | 25-Apr-16 | 25-Apr-18 | 3,000 | 30,000 |
| TOTAL | | | | 150,000 |
| Less: Unamortised borrowing cost | | | | (30) |
| Total | | | | 149,970 |

Note : Coupon rate of above outstanding as on March 31, 2018 varies from 7.90% to 9.20%

14 9. Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on April 01, 2017

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|---|------------|-----------------|----------------|---------------|
| TCFSL Unsecured NCD A FY 2015-16 | 12-Aug-15 | 10-Aug-18 | 2,000 | 20,000 |
| TCFSL Unsecured NCD A FY 2016-17 | 25-Apr-16 | 25-Apr-18 | 3,000 | 30,000 |
| TCFSL Unsecured NCD B FY 2016-17 | 27-Apr-16 | 27-Apr-18 | 2,000 | 20,000 |
| TCFSL Unsecured NCD B FY 2015-16 Option-I | 1-Sep-15 | 1-Sep-17 | 1,500 | 15,000 |
| TOTAL | | | | 85,000 |
| Less: Unamortised borrowing cost | | | | (38) |
| Total | | | | 84,962 |

Note : Coupon rate of above outstanding as on April 01, 2017 varies from 8.80% to 8.91%

14 10. Unsecured redeemable Non-convertible subordinated debentures includes the debentures issued to Key Management Personnel of Rs. Nil lakh (Year ended March, 31, 2018 : Rs. 20 lakh).

15. BORROWINGS (OTHER THAN DEBT SECURITIES) (IN INDIA)

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|-------------------------|-------------------------|------------------------|
| At amortised cost | | | |
| (a) Term loans | | | |
| Secured | | | |
| From Banks (Refer note 15.1 below) | 479,963 | 129,486 | 85,989 |
| Unsecured | | | |
| From Banks | 244,942 | 297,500 | 130,000 |
| (b) Loans repayable on demand | | | |
| Secured | | | |
| From Banks | | | |
| (i) Working capital demand loan (Refer note 15.1 below) | 305,000 | 268,000 | 75,000 |
| (ii) Bank Overdraft (Refer note 15.1 below) | 144,704 | 210,912 | 301,953 |
| Unsecured | | | |
| From Banks | | | |
| (i) Working capital demand loan (Refer note 15.1 below) | 35,000 | 40,000 | 11,200 |
| (c) Loan from related parties | | | |
| (i) 1,889,000,000 (March 31, 2018 : 1,520,000,000 shares and April 1, 2017 : 945,000,000 shares) Compulsorily Convertible Cumulative Preference shares of Rs.10 each fully paid up (Refer note 15.4 and 15.5 below) | 188,900 | 152,000 | 94,500 |
| (ii) Inter corporate deposits from related parties | 5,726 | 33,784 | 44,829 |
| (d) Other loans | | | |
| Unsecured | | | |
| (i) Commercial paper [Net of unamortised discount of Rs. 13,068 lakh (March 31, 2018 : Rs. 12,637 lakh and April 1, 2017 : Rs. 9,868 lakh)] | 632,423 | 641,355 | 567,612 |
| (ii) Inter corporate deposits from others | 5,000 | 7,215 | 715 |
| Total | 2,041,658 | 1,780,252 | 1,311,798 |

Note:

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

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

As per terms of agreements loan from banks aggregating Rs. 724,942 lakh (Previous Year: Rs. 426,986 lakh) are repayable at maturity ranging between 12 and 49 months from the date of respective loan. Rate of interest payable on term loans varies between 8.10 % to 9.40% (March 31, 2018 : 7.45 % to 8.40%.) (April 01, 2017 : 7.95% to 9.15%)

Discount on commercial paper varies between 6.86 % to 9.19% (March 31, 2018 : 7.32 % to 8.25%) (April 01, 2017 : 6.66% to 8.61%)

Rate of interest payable on WCDL varies between 8.45 % to 9.05% (March 31, 2018 : 7.60 % to 8.10%.) (April 01, 2017 : 7.95% to 8.70%)

Rate of interest payable on Inter-corporate deposits varies between 8.45 % to 8.84% (March 31, 2018 : 7.25 % to 8.87%.) (April 01, 2017 : 8.61% to 8.87%)

15.3. All the above borrowings have been borrowed in India.

15.4. During the year ended March 31, 2019, the Company has issued 1,025,000,000, 8.50% Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of face value Rs. 10/- each aggregating Rs. 1,025 crore, which are mandatorily convertible into equity shares after the completion of 9 years from the date of allotment. The CCCPS holders have a right to receive dividend, prior to the equity shareholders. The dividend proposed by the Board of Directors on the CCCPS is subject to the approval of the shareholders at an Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Preference Shareholders will carry a preferential right over the holder of equity shares for payment of dividend and for payment of capital, in proportion to their shareholding.

The CCCPS holders have an option to convert all or any part of the holding into equity shares at any time prior to the completion of 9 years. Conversion of CCCPS into equity shares will be based on the fair value to be determined by an independent valuer closer to the conversion date. In the year in which CCCPS are converted to equity shares, the dividend on such CCCPS, if declared by the Board, shall be paid on pro-rata basis. On February 1, 2019, the Company converted CCCPS aggregating Rs. 656 crore of face value Rs. 10/- each. The Board had not declared dividend on the CCCPS prior to conversion to equity shares.

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

| Date of Allotment | Date of Conversion | No. of Units | Rs in lakh |
|-------------------|--------------------|----------------------|----------------|
| 26-Mar-19 | 26-Mar-28 | 275,000,000 | 27,500 |
| 28-Dec-18 | 28-Dec-27 | 100,000,000 | 10,000 |
| 28-Sep-18 | 28-Sep-27 | 100,000,000 | 10,000 |
| 29-Jun-18 | 29-Jun-27 | 550,000,000 | 55,000 |
| 31-Mar-18 | 31-Mar-27 | 150,000,000 | 15,000 |
| 21-Mar-18 | 21-Mar-27 | 250,000,000 | 25,000 |
| 08-Mar-18 | 08-Mar-27 | 100,000,000 | 10,000 |
| 29-Dec-17 | 29-Dec-26 | 75,000,000 | 7,500 |
| 31-Mar-17 | 31-Mar-26 | 100,000,000 | 10,000 |
| 28-Feb-17 | 28-Feb-26 | 189,000,000 | 18,900 |
| Total | | 1,889,000,000 | 188,900 |

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

- During the year ended March 31, 2019, the Company has declared and paid on March 26, 2019, an interim dividend for financial year 2018-19 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 11,673 lakh and dividend distribution tax thereon of Rs. 2,399 lakh.
- During the previous year ended March 31, 2018, the Company has declared and paid on July 27, 2017, an interim dividend for financial year 2017-18 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 2,120 lakh and dividend distribution tax thereon of Rs. 431 lakh.
- During the previous year ended March 31, 2018, the Company has declared and paid on August 22, 2017, a final dividend for financial year 2016-17 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 3 lakh and dividend distribution tax thereon of Rs. 1 lakh.
- During the previous year ended March 31, 2018, the Company has declared on March 20, 2018 and paid on March 21, 2018, an interim dividend for financial year 2017-18 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 6,603 lakh (April 01, 2017 : 4,230 lakh) and dividend distribution tax thereon of Rs. 1,344 lakh (April 01, 2017 : 861 lakh).

16. SUBORDINATED LIABILITIES

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| Unsecured | | | |
| Debentures | | | |
| Non-Convertible Subordinated Debentures (Refer note 16.1 and 16.2 below) [Net of unamortised discount of Rs. 357 lakh (March 31, 2018 : Rs. 851 lakh and April 1, 2017 : Rs. 1,299 lakh)] | 238,374 | 180,686 | 180,094 |
| Non-Convertible Perpetual Debentures (Refer note 16.3 below) | 91,386 | 91,354 | 59,683 |
| Total | 329,760 | 272,040 | 239,777 |

Note:

All the subordinated liabilities have been borrowed in India.

16. 1. Particulars of Subordinated unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2019

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|-----------------------------|------------|-----------------|-----------------------|---------------|-----------------------|------------|----------------------|------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL NCD Series III (2019) | 27-Dec-18 | 27-Dec-28 | 295,490 | 2,955 | - | - | - | - |
| TCFSL NCD Series III (2019) | 27-Dec-18 | 27-Dec-28 | 3,418,488 | 34,185 | - | - | - | - |
| Total (A) | | | | 37,140 | | - | | - |

*Note : Coupon rate of above outstanding as on March 31, 2019 varies from 9.00% to 9.10% (March 31, 2018: Nil, April 01, 2017: Nil)

16. 2. Particulars of Subordinated unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2019

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|---|------------|-----------------|-----------------------|----------------|-----------------------|----------------|----------------------|----------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL Tier-II Bond "A" FY 2018-19 | 28-Dec-18 | 28-Dec-28 | 2,000 | 20,000 | - | - | - | - |
| TCFSL Tier-II Bond "B" FY 2016-17 | 26-Oct-16 | 26-Oct-26 | 150 | 1,500 | 150 | 1,500 | 150 | 1,500 |
| TCFSL Tier-II Bond "A" FY 2016-17 | 11-Aug-16 | 11-Aug-26 | 2,000 | 20,000 | 2,000 | 20,000 | 2,000 | 20,000 |
| TCFSL Tier II Bond "B" FY 2015-16 | 30-Mar-16 | 30-Mar-26 | 2,000 | 20,000 | 2,000 | 20,000 | 2,000 | 20,000 |
| TCFSL Tier II Bond "A" FY 2015-16 | 22-Jul-15 | 22-Jul-25 | 900 | 9,000 | 900 | 9,000 | 900 | 9,000 |
| TCFSL Tier II Bond "D" FY 2014-15 | 31-Mar-15 | 31-Mar-25 | 2,000 | 20,000 | 2,000 | 20,000 | 2,000 | 20,000 |
| TCFSL Tier II Bond "C" FY 2014-15 | 30-Jan-15 | 30-Jan-25 | 750 | 7,500 | 750 | 7,500 | 750 | 7,500 |
| TCFSL Tier II Bond "B" FY 2014-15 | 07-Jan-15 | 07-Jan-25 | 350 | 3,500 | 350 | 3,500 | 350 | 3,500 |
| TCFSL Tier II Bond "A" FY 2014-15 | 26-Sep-14 | 26-Sep-24 | 1,000 | 10,000 | 1,000 | 10,000 | 1,000 | 10,000 |
| TCL Tier II Bond "A" FY 2009-10 | 24-Dec-09 | 24-Dec-19 | 1,000 | 5,000 | 1,000 | 5,000 | 1,000 | 5,000 |
| TCL Tier II Bond "G" FY 2009-10 | 18-Dec-09 | 18-Dec-19 | 3,000 | 15,000 | 3,000 | 15,000 | 3,000 | 15,000 |
| TCL Tier II Bond "E" FY 2009-10 | 15-Dec-09 | 15-Dec-19 | 5,725 | 28,625 | 5,725 | 28,625 | 5,725 | 28,625 |
| TCL Tier II Bond "F" FY 2009-10 | 30-Nov-09 | 30-Nov-19 | 1,135 | 5,318 | 1,135 | 4,824 | 1,135 | 4,376 |
| TCL Tier II Bond "D" FY 2009-10 | 28-Oct-09 | 28-Oct-19 | 1,479 | 7,395 | 1,479 | 7,395 | 1,479 | 7,395 |
| TCL Tier II Bond "H" FY 2009-10 | 28-Oct-09 | 28-Oct-19 | 1,580 | 7,900 | 1,580 | 7,900 | 1,580 | 7,900 |
| TCL Tier II Bond "B" FY 2009-10 | 09-Sep-09 | 09-Sep-19 | 1,704 | 17,040 | 1,704 | 17,040 | 1,704 | 17,040 |
| TCL Tier II Bond "A" FY 2009-10 | 04-Aug-09 | 04-Aug-19 | 391 | 3,910 | 391 | 3,910 | 391 | 3,910 |
| Total (A) | | | | 201,688 | | 181,194 | | 180,746 |
| Less: Unamortised borrowing cost | | | | (454) | | (508) | | (652) |
| | | | | 201,234 | | 180,686 | | 180,094 |

*Net of unamortised discount as on March 31, 2019 Rs.357 lakh (March 31, 2018 : Rs 851 lakh, April 01, 2017 : Rs 1,299 lakh)

*Note : Coupon rate of above outstanding as on March 31, 2019 varies from 8.45% to 10.50% (March 31, 2018: 8.45% to 10.50%, April 01, 2017: 8.45% to 10.50%)

16. 3 Particulars of Perpetual unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2019

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|---|------------|-----------------|-----------------------|---------------|-----------------------|---------------|----------------------|---------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL Perpetual 'D' FY 2017-18 | 26-Mar-18 | 26-Mar-28 | 1,000 | 10,000 | 1,000 | 10,000 | - | - |
| TCFSL Perpetual 'D' FY 2017-18 | 26-Mar-18 | 26-Mar-28 | 250 | 2,500 | 250 | 2,500 | - | - |
| TCFSL Perpetual 'C' FY 2017-18 | 11-Sep-17 | 11-Sep-27 | 930 | 9,300 | 930 | 9,300 | - | - |
| TCFSL Perpetual 'B' FY 2017-18 | 14-Jul-17 | 14-Jul-27 | 500 | 5,000 | 500 | 5,000 | - | - |
| TCFSL Perpetual 'A' FY 2017-18 | 21-Jun-17 | 21-Jun-27 | 500 | 5,000 | 500 | 5,000 | - | - |
| TCFSL Perpetual 'C' FY 2016-17 | 08-Mar-17 | 08-Mar-27 | 400 | 4,000 | 400 | 4,000 | 400 | 4,000 |
| TCFSL Perpetual 'B' FY 2016-17 | 13-Jan-17 | 13-Jan-27 | 100 | 1,000 | 100 | 1,000 | 100 | 1,000 |
| TCFSL Perpetual 'A' FY 2016-17 | 30-Jun-16 | 30-Jun-26 | 500 | 5,000 | 500 | 5,000 | 500 | 5,000 |
| TCFSL Perpetual E FY 2015-16 | 23-Mar-16 | 23-Mar-26 | 1,000 | 10,000 | 1,000 | 10,000 | 1,000 | 10,000 |
| TCFSL Perpetual D FY 2015-16 | 09-Feb-16 | 09-Feb-26 | 1,000 | 10,000 | 1,000 | 10,000 | 1,000 | 10,000 |
| TCFSL Perpetual C FY 2015-16 | 02-Feb-16 | 02-Feb-26 | 500 | 5,000 | 500 | 5,000 | 500 | 5,000 |
| TCFSL Perpetual B FY 2015-16 | 06-Jan-16 | 06-Jan-26 | 500 | 5,000 | 500 | 5,000 | 500 | 5,000 |
| TCFSL Perpetual A FY 2015-16 | 16-Jul-15 | 16-Jul-25 | 1,000 | 10,000 | 1,000 | 10,000 | 1,000 | 10,000 |
| TCFSL Perpetual A FY 2013-14 | 27-Mar-14 | 27-Mar-24 | 1,871 | 9,355 | 1,871 | 9,355 | 1,871 | 9,355 |
| TCL Perpetual D FY 2011-12 | 07-Nov-11 | 07-Nov-21 | 5 | 25 | 5 | 25 | 5 | 25 |
| TCL Perpetual C FY 2011-12 | 28-Sep-11 | 28-Sep-21 | 10 | 50 | 10 | 50 | 10 | 50 |
| TCL Perpetual B FY 2011-12 | 08-Aug-11 | 08-Aug-21 | 61 | 305 | 61 | 305 | 61 | 305 |
| TCL Perpetual A FY 2011-12 | 05-May-11 | 05-May-21 | 20 | 100 | 20 | 100 | 20 | 100 |
| TCL Perpetual B FY 2010-11 | 14-Jan-11 | 14-Jan-21 | 18 | 90 | 18 | 90 | 18 | 90 |
| TCL Perpetual A FY 2010-11 | 15-Nov-10 | 15-Nov-20 | 15 | 75 | 15 | 75 | 15 | 75 |
| Total (A) | | | | 91,800 | | 91,800 | | 60,000 |
| Less: Unamortised borrowing cost | | | | (414) | | (446) | | (317) |
| | | | | 91,386 | | 91,354 | | 59,683 |

*Note : Coupon rate of above outstanding as on March 31, 2019 varies from 8.61% to 11.25% (March 31, 2018: 8.61% to 11.25%, April 01, 2017 : 9.00% to 11.25%)

| Description of NCDs | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|----------------------|----------------------|---------------------|
| Funds Raised through Perpetual Debt Instruments | - | 620 | 19,380 |
| Amount outstanding at the end of year | 91,800 | 91,800 | 60,000 |
| Percentage of amount of Perpetual Debt Instruments of the amount of Tier I Capital | 18.43% | 18.43% | 18.43% |
| Financial year in which interest on Perpetual Debt Instruments is not paid on account of 'Lock-In Clause'. | NA | NA | NA |

17. OTHER FINANCIAL LIABILITIES
(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---------------------------------|---------------------------------|--------------------------------|
| (a) Security deposit | 38,512 | 31,719 | 22,475 |
| (b) Payable for capital expenditure | 2,613 | 1,842 | 908 |
| (c) Advances from customers | 2,196 | 1,677 | 1,402 |
| (d) Interest accrued but not due on borrowings | 80,871 | 77,304 | 85,466 |
| (e) Accrued employee benefit expense | 8,410 | 6,524 | 4,321 |
| (f) Unclaimed matured debentures and accrued interest thereon | 52 | 53 | 53 |
| (g) Payable under letter of credit/buyer's credit facility | 14,617 | 43,419 | 28,368 |
| (h) Amounts payable - assigned loans | 1,443 | 2,997 | 5,727 |
| Total | 148,714 | 165,535 | 148,720 |

18. PROVISIONS**(Rs. in lakh)**

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|---------------------------------|---------------------------------|--------------------------------|
| (a) Provision for gratuity | 55 | - | - |
| (b) Provision for compensated absences | 1,271 | 954 | 875 |
| (c) Provision for long-term service award | 81 | 164 | 158 |
| (d) Impairment loss allowance | | | |
| - at amortised cost | | | |
| - Stage I & II | 58,411 | 49,559 | 42,176 |
| - Stage III | 92,301 | 106,680 | 152,807 |
| (e) Sundry liabilities account (interest capitalisation) | 122 | 700 | 4,545 |
| Total | 152,241 | 158,057 | 200,561 |

19. OTHER NON-FINANCIAL LIABILITIES
(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---------------------------------|---------------------------------|---------------------------------|--------------------------------|
| (a) Statutory dues | 3,730 | 3,758 | 1,305 |
| (b) Revenue received in advance | 24,358 | 18,671 | 14,919 |
| (c) Others | 835 | 766 | 598 |
| Total | 28,923 | 23,195 | 16,822 |

20. SHARE CAPITAL

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| AUTHORISED | | | |
| 2,500,000,000 (March 31, 2018: 2,500,000,000 shares and April 1, 2017 : 2,500,000,000 shares) Equity shares of Rs.10 each | 250,000 | 250,000 | 250,000 |
| 3,000,000,000 (March 31, 2018: 3,000,000,000 shares and April 1, 2017 : 3,000,000,000 shares) Preference shares of Rs.10 each | 300,000 | 300,000 | 300,000 |
| | 550,000 | 550,000 | 550,000 |
| ISSUED, SUBSCRIBED & PAID UP | | | |
| 1,375,561,658 (March 31, 2018: 1,297,550,000 shares and April 1, 2017 : 1,297,550,000 shares) Equity shares of Rs.10 each fully paid up | 137,556 | 129,755 | 129,755 |
| Total | 137,556 | 129,755 | 129,755 |

20. (a). Reconciliation of number of equity shares outstanding

| Particulars | No. of shares | Rs in lakh |
|--|----------------------|----------------|
| Equity Shares | | |
| Opening balance as on April 01, 2017 | 1,297,550,000 | 129,755 |
| Additions during the year | - | - |
| Closing Balance as on March 31, 2018 | 1,297,550,000 | 129,755 |
| Conversion of Compulsorily Convertible Cumulative Preference share | 78,011,658 | 7,801 |
| Closing Balance as on March 31, 2019 | 1,375,561,658 | 137,556 |

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

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

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

| Name of company | Particulars of issue | No. of shares | Rs in lakh |
|--|---|----------------------|----------------|
| Tata Capital Limited (Holding Company) | | | |
| Equity Shares | Opening Balance as on April 1, 2017 | 1,297,550,000 | 129,755 |
| | Closing Balance as on March 31, 2018 | 1,297,550,000 | 129,755 |
| | Add: Conversion of Compulsorily Convertible Cumulative Preference share | 78,011,658 | 7,801 |
| | Closing Balance as on March 31, 2019 | 1,375,561,658 | 137,556 |

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

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

21. OTHER EQUITY

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| (a) Securities Premium Account | 146,648 | 88,942 | 88,942 |
| (b) Debenture Redemption Reserve | 30,000 | 30,000 | 30,000 |
| (c) Special Reserve Account | 46,982 | 35,401 | 25,750 |
| (d) Surplus in Statement of Profit and Loss | 42,303 | 10,174 | (14,998) |
| (e) Other Comprehensive Income | (91) | 82 | - |
| (f) Share options outstanding account | 536 | 655 | - |
| (g) General Reserve | 429 | 162 | - |
| Total | 266,807 | 165,416 | 129,694 |

Nature and Purpose of Reserves

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

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

22. INTEREST INCOME

(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| On Financial Assets measured at Amortised Cost | | |
| (a) Interest on loans and credit substitutes | 480,360 | 392,663 |
| (b) Interest income on deposits with banks | 316 | 30 |
| On Financial Assets measured at fair value through OCI | | |
| (a) Interest on loans and credit substitutes | 393 | 145 |
| Total | 481,069 | 392,838 |

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

(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| (A) Net Gain / (loss) on financial instruments at fair value through profit or loss | | |
| (i) On trading portfolio | - | - |
| - Investments | - | - |
| - Derivatives | - | - |
| - Others | - | - |
| (ii) On financial instruments designated at fair value through profit or loss | - | - |
| (B) Others | 16,814 | (1,231) |
| (C) Total Net gain/(loss) on fair value changes | 16,814 | (1,231) |
| (D) Fair value changes : | | |
| -Realised | 9,087 | (60) |
| -Unrealised | 7,727 | (1,171) |
| Total Net gain/(loss) on fair value changes | 16,814 | (1,231) |

24. OTHER INCOME

(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| (a) Branch advertisement income | 832 | 1,787 |
| (b) Income from distribution of financial products | 3,790 | 4,225 |
| (c) Net gain/(loss) on derecognition of property, plant and equipment | 198 | 1,034 |
| (d) Interest on Income Tax Refund | 1 | 307 |
| (e) Miscellaneous Income | 777 | 291 |
| Total | 5,598 | 7,644 |

25. FINANCE COSTS

(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| At amortised cost | | |
| (a) Interest on borrowings | 101,271 | 41,504 |
| (b) Interest on debt securities | 115,331 | 114,114 |
| (c) Interest on subordinated liabilities | 26,354 | 24,197 |
| (d) Other interest expense | 1,182 | 1,209 |
| (e) Dividend on compulsorily convertible cumulative preference shares (including dividend distribution tax thereon) (refer note 15.5 above) | 14,194 | 10,643 |
| (f) Discounting Charges | | |
| (i) On commercial paper | 53,675 | 42,201 |
| (ii) On debentures | 494 | 448 |
| Total | 312,501 | 234,316 |

26. EMPLOYEE BENEFIT EXPENSES

(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| (a) Salaries, wages and bonus | 41,275 | 36,037 |
| (b) Contribution to provident and other fund | 1,419 | 1,279 |
| (c) Staff welfare expenses | 2,108 | 2,000 |
| (d) Expenses related to post-employment defined benefit plans | 526 | 479 |
| (e) Share based payments to employees | 148 | 817 |
| Total | 45,476 | 40,612 |

The Supreme Court of India in its judgement in the case of THE REGIONAL PROVIDENT FUND COMMISSIONER (II) WEST BENGAL v/s VIVEKANANDA VIDYAMANDIR AND OTHERS on February 28, 2019 has clarified that any emolument paid universally, necessarily and ordinarily to all employees across the board is to be considered as basic wage and accordingly needs to be considered for calculation of Provident Fund contribution. The Company has made an estimate of the liability and as a matter of caution, the Company has made a provision Rs. 630 lakh as at March 31, 2019. The Company would record any further effect in its financial statements, in the period in which it receives additional clarity on the said subject.

27. Impairment on financial instruments
(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | | For the year ended March 31, 2018 | |
|--|--|---------------|--|---------------|
| | On financial instruments measured at Amortised Cost | | On financial instruments measured at Amortised Cost | |
| (I) Loans and credit substitutes | | | | |
| (a) Provision for doubtful loans (net of recoveries) Less : Delinquency Support | 37,354 (763) | 36,591 | 17,831 (5,731) | 12,100 |
| (b) Write off - Loans and credit substitutes Less : Provision reversal on write off | 51,408 (51,408) | - | 62,501 (62,501) | - |
| (c) Contingent provision against Standard Assets - at amortised cost - at FVTOCI | 8,839 84 | 8,923 | 7,380 13 | 7,393 |
| (d) Provision against Restructured Advances | | (325) | | (1,448) |
| | | 45,189 | | 18,045 |
| (II) Trade receivables | | (36) | | 260 |
| Total | | 45,153 | | 18,305 |

28. OTHER OPERATING EXPENSES**(Rs. in lakh)**

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--|--|
| (a) Advertisements and publicity | 4,029 | 2,000 |
| (b) Brand Equity and Business Promotion | 1,503 | 1,243 |
| (c) Corporate social responsibility cost | 1,016 | 1,014 |
| (d) Donations | 1,470 | 4 |
| (e) Equipment hire charges | 219 | 348 |
| (f) Information technology expenses | 11,738 | 8,045 |
| (g) Insurance charges | 916 | 744 |
| (h) Incentive / commission/ brokerage | 225 | 268 |
| (i) Legal and professional fees | 3,806 | 3,867 |
| (j) Loan processing fees | 2,059 | 2,199 |
| (k) Printing and stationery | 993 | 783 |
| (l) Provision against assets held for sale | 1,446 | 1,405 |
| (m) Power and fuel | 975 | 905 |
| (n) Repairs and maintenance | 318 | 402 |
| (o) Rent | 3,191 | 2,249 |
| (p) Rates and taxes | 146 | 119 |
| (q) Stamp charges | 705 | 502 |
| (r) Service providers' charges | 23,327 | 15,976 |
| (s) Training and recruitment | 678 | 510 |
| (t) Communication cost | 704 | 767 |
| (u) Travelling and conveyance | 2,898 | 2,630 |
| (v) Directors fees,allowances and expenses | 120 | 221 |
| (w) Other expenses | 171 | 1,387 |
| Total | 62,653 | 47,588 |

(a) Auditors' Remuneration (excluding taxes):

(Rs. in lakh)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--|--|
| Audit Fees | 88 | 106 |
| Tax Audit Fees | 4 | 4 |
| Other Services (includes out of pocket expenses) | 3 | 21 |
| | 94 | 131 |

(Auditors' remuneration is included in Other expenses)

(b) Expenditure in Foreign Currency

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---------------------------------|--|--|
| Legal and professional fees | 29 | 137 |
| Commission paid | 38 | 79 |
| Information Technology Expenses | 204 | 1,084 |
| Training and recruitment | 49 | 6 |
| Other expenses | 2 | 7 |
| | 322 | 1,313 |

(c) Corporate social responsibility expenses

(i) Gross amount required to be spent by the company during the year was Rs. 1,016 lakh (Year ended March, 31, 2018 : 1,014 lakh)

(ii) Amount spent during the year on:

| Particulars | Paid | Yet to be paid | Total |
|---------------------------------------|-------------------|-----------------------|-------------------|
| | Rs in lakh | Rs in lakh | Rs in lakh |
| Construction/acquisition of any asset | - | - | - |
| On purposes other than above | 1,016 | - | 1,016 |

29. Employee benefit expenses

A. Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a Trust by the Company. The Company is generally liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the employee provident scheme, 1952 is recognised as an expense in the year in which it is determined.

The Company recognised a charge of Rs. 1,339 Lakh (FY 2017-18 Rs.1,189 Lakh) towards provident fund and family pension fund contribution and Rs.80 Lakh (FY 2017-18 Rs. 89 Lakh) towards contribution to superannuation fund in the Statement of Profit and Loss during the current year.

B. Defined benefit plan

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount), (Included as part of contribution to provided fund, superannuation fund and other funds as referred in Note 26 of Employee Benefit Expenses). 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. On adoption of the Indian Accounting Standard (Ind AS 19) on "Employee Benefits", actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are recognised in other comprehensive income.

Each year an 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.

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

- Gratuity
- Leave Liability

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

Movement in net defined benefit (asset) liability

a) Reconciliation of balances of Defined Benefit Obligations.

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|--|---------------------------|----------------|---------------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Defined Obligations at the beginning of the year | 3,326 | - | 2,926 | - |
| Current service cost | 533 | - | 509 | - |
| Interest cost | 236 | - | 211 | - |
| Plan participant's contributions | - | - | - | - |
| Exchange (gain) / loss | - | - | - | - |
| Benefits paid | - | - | - | - |
| Past service cost | - | - | - | - |
| Amalgamations / Acquisitions | (277) | - | (25) | - |
| Liabilities assumed on transfer of employees | - | - | - | - |
| Settlement cost / (credit) | - | - | - | - |
| Curtailment cost / (credit) | - | - | - | - |
| Plan amendments | - | - | - | - |
| Change in secured pensioner value | - | - | - | - |
| Due to company ceasing to be a subsidiary | - | - | - | - |
| Due to company becoming subsidiary | - | - | - | - |
| Actuarial (Gains)/ Losses on obligations arising from: | - | - | - | - |
| a. Due to change in financial assumptions | 478 | - | (44) | - |
| b. Due to change in experience adjustments | 86 | - | (34) | - |
| c. Due to experience adjustments | (43) | - | - | - |
| Others (please specify below) | - | - | - | - |
| Benefits paid directly by the Company | (524) | - | (219) | - |
| Defined Obligations at the end of the year | 3,815 | - | 3,326 | - |

b) Reconciliation of balances of Fair Value of Plan Assets

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|--|---------------------------|----------------|---------------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| As on 31 March 2019 | | | | |
| Fair Value at the beginning of the year | 3,375 | - | 3,165 | - |
| Expected return on plan assets | (27) | - | (3) | - |
| Actuarial gain / (loss) on plan assets | - | - | - | - |
| Exchange gain/(loss) | - | - | - | - |
| Employer contributions | 414 | - | - | - |
| Plan participant's contributions | - | - | - | - |
| Benefits paid | - | - | - | - |
| Amalgamations / Acquisitions | (277) | - | (25) | - |
| Assets transferred on transfer of employees | - | - | - | - |
| Adjustment on plan settlement | - | - | - | - |
| Change in secured pensioner value | - | - | - | - |
| Others (please specify below) | - | - | - | - |
| Interest Income on Plan Assets | 276 | - | 237 | - |
| Due to company ceasing to be a subsidiary | - | - | - | - |
| Fair Value of Plan Assets at the end of the year | 3,760 | - | 3,375 | - |

c) Funded status

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | | As at April 1, 2017 | |
|---|---------------------------|----------------|---------------------------|----------------|---------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| As on 31 March 2019 | | | | | | |
| Deficit of plan assets over obligations | (55) | 0 | 49 | 0 | 239 | 0 |
| Surplus of plan assets over obligations | | | | | | |
| Unrecognised asset due to asset ceiling | | | | | | |
| Total | (55) | 0 | 49 | 0 | 239 | 0 |

d) Categories of plan assets

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | | As at April 1, 2017 | |
|---------------------------------|---------------------------|----------------|---------------------------|----------------|---------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Corporate bonds | 16 | - | 15 | - | 1,298 | - |
| Equity shares | 4 | - | 4 | - | 506 | - |
| Government securities | 17 | - | 15 | - | 1,044 | - |
| Cash including special deposits | 3,723 | - | 3,341 | - | 317 | - |
| Total | 3,760 | - | 3,375 | - | 3,165 | - |

Note : All the above are in India

e) Amount recognised in Balance sheet

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | | As at April 1, 2017 | |
|--|---------------------------|----------------|---------------------------|----------------|---------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Present value of the defined benefit obligation | 3,815 | - | 3,326 | - | - | - |
| Fair value of plan assets | 3,760 | - | 3,375 | - | - | - |
| Unrecognised asset due to asset ceiling | - | - | - | - | - | - |
| Unrecognised past service costs | - | - | - | - | - | - |
| Net asset / (liability) recognised in the Balance Sheet | (55) | - | 49 | - | - | - |

f) Amount recognised in Statement of Profit and Loss

| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Current Service Cost | 533 | - | 509 | - |
| Past Service cost | - | - | - | - |
| Interest Cost (net) | (40) | - | (26) | - |
| Curtailment cost / (credit) | - | - | - | - |
| Settlement cost / (credit) | - | - | - | - |
| Received from intra-group companies on transfer of employees | - | - | - | - |
| Expected return on plan assets | - | - | - | - |
| Actuarial loss/(gain) recognised during the year | - | - | - | - |
| Others (please specify) | - | - | - | - |
| Expenses for the year | 494 | - | 483 | - |
| | | - | | - |
| | | - | | - |
| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| a. Due to change in financial assumptions | 478 | - | (44) | - |
| b. Due to change in experience adjustments | 86 | - | (34) | - |
| c. Due to experience adjustments | (43) | - | - | - |
| d. (Return) on plan assets (excl. interest income) | 27 | - | 3 | - |
| e. Change in Asset Ceiling | - | - | - | - |
| Total remeasurements in OCI | 548 | - | (74) | - |
| | | - | | - |
| Total defined benefit cost recognized in P&L and OCI | 1,042 | - | 409 | - |

h) Expected cash flows for the following year

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------------|---------------------------|---------------------------|
| Expected total benefit payments | 6,061 | 2,681 |
| Year 1 | 417 | 116 |
| Year 2 | 507 | 136 |
| Year 3 | 434 | 206 |
| Year 4 | 582 | 251 |
| Year 5 | 603 | 264 |
| Next 5 years | 3,516 | 1,709 |

i) Major Actuarial Assumptions

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 | As at April 1, 2017 |
|---|--|---|---|
| Discount Rate (%) | 7.20% | 7.70% | 7.50% |
| | Non CRE : 8.25% | 7.5% for first 5 years and 6% thereafter | 7.5% for first 5 years and 6% thereafter |
| | CRE and J Grade : 6% | | |
| Salary Escalation/ Inflation (%) | 8.00% | 8.00% | 8.00% |
| Expected Return on Plan assets (%) | | | |
| Attrition | | | |
| Mortality Table | Indian assured lives Mortality (2006-08) (modified) Ult. | Indian assured lives Mortality (2006-08) (modified) Ult. | Indian assured lives Mortality (2006-08) (modified) Ult. |
| Medical cost inflation | | | |
| Disability | | | |
| Withdrawal (rate of employee turnover) | CRE and J Grade : 40% Non CRE : Less than 5 Years : 25% More than 5 years : 10% | 0-2 years 10%, 3-4 years 5%, 5-9 years 2.5%, 10 years and more 1% | 0-2 years 10%, 3-4 years 5%, 5-9 years 2.5%, 10 years and more 1% |
| Retirement Age | 60 years | 60 years | 60 years |
| Weighted Average Duration | - | - | - |
| Guaranteed rate of return | - | - | - |
| Estimate of amount of contribution in the immediate next year | 417 | 116 | |

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.

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.

| Particulars | March 31, 2019 | | March 31, 2018 | | April 1, 2017 | |
|--------------------------------------|----------------|----------|----------------|----------|---------------|----------|
| | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (248) | 281 | (373) | 445 | | |
| Future salary growth (1% movement) | 276 | (249) | 446 | (380) | | |
| Others (Withdrawal rate 5% movement) | (177) | 252 | 77 | (25) | | |

j) Provision for leave encashment

| Particulars | March 31, 2019 | | March 31, 2018 | | April 1, 2017 | |
|------------------------------------|----------------|---------|----------------|---------|---------------|---------|
| | Non current | Current | Non current | Current | Non current | Current |
| Liability for compensated absences | 901 | 325 | 797 | 112 | 733 | 100 |

| Experience adjustments | Defined benefit obligation | Plan assets | Surplus/ (deficit) | Experience adjustments on plan liabilities | Experience adjustments on plan assets |
|------------------------|----------------------------|-------------|--------------------|--|---------------------------------------|
| Funded | | | | | |
| 2018-19 | 3,815 | 3,760 | - | (86) | (27) |
| 2017-18 | 3326 | 3375 | 49 | 34 | (3) |
| 2016-17 | 2926 | 3165 | 239 | (313) | 74 |
| Unfunded | | | | | |
| 2018-19 | - | - | - | - | - |
| 2017-18 | - | - | - | - | - |
| 2016-17 | - | - | - | - | - |

30. Fair values of financial instruments

See accounting policy in Note 2(iii).

A. Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

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

b) Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

c) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at measurement date. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Valuation techniques include net present value and discounted cash flow models, income approach, comparison with similar instruments for which observable market prices exist, option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free returns, benchmark interest rates and credit spreads used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company uses widely recognised valuation models to determine the fair value of financial instruments, such as forward rate agreement, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

For more complex instruments, the Company uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices or rates or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Company believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty where appropriate. Model inputs and values are calibrated against historical data, where possible, against current or recent observed transactions in different instruments. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management uses judgement to select the most appropriate point in the range.

Discounting of the cash flows of financial asset/ financial liability for computing the fair value of such instrument: the future contractual cash flows of instrument over the remaining contractual life of the instrument are discounted using comparable rate of lending/borrowing as applicable to financial asset/ financial liability in the month of reporting for a similar class of instruments. For shorter tenure financial assets such as channel finance, the remaining tenure is assumed to be six months.

Derivatives held for risk management :

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

30 Fair values of financial instruments

See accounting policy in Note 2(iii).

B. Valuation framework

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

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

When third party information, such as valuation agency report is used to measure fair value, the Company assesses the documents and evidence used to support the conclusion that the valuations meet the requirements of Ind AS. This includes:

- 1) understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- 2) when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- 3) if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

Significant valuation issues are reported to the Audit Committee.

30. Fair values of financial instruments

See accounting policy in Note 2(iii).

C. Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehensive Income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Total Carrying Value |
|---------------------------------------|-----------------------------------|---|--|--|------------------|----------------------|
| Financial Assets: | | | | | | |
| Loans including credit substitutes | - | 21,080 | - | - | 4,441,317 | 4,462,397 |
| Investments (Other than in Associate) | 32,483 | - | - | - | 5,549 | 38,032 |
| Total | 32,483 | 21,080 | - | - | 4,446,866 | 4,500,429 |
| Financial Liabilities: | | | | | | |
| Borrowings * | - | - | - | - | 3,980,566 | 3,980,566 |
| Total | - | - | - | - | 3,980,566 | 3,980,566 |

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

The carrying value of financial instruments by categories as at March 31, 2018 is as follows:

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehensive Income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Total Carrying Value |
|---------------------------------------|-----------------------------------|---|--|--|------------------|----------------------|
| Financial Assets: | | | | | | |
| Loans including credit substitutes | - | 3,273 | - | - | 3,695,391 | 3,698,664 |
| Investments (Other than in Associate) | 21,476 | - | - | - | 7,996 | 29,472 |
| Total | 21,476 | 3,273 | - | - | 3,710,062 | 3,734,811 |
| Financial Liabilities: | | | | | | |
| Borrowings | - | - | - | - | 3,284,439 | 3,284,439 |
| Total | - | - | - | - | 3,284,439 | 3,284,439 |

The carrying value of financial instruments by categories as at April 1, 2017 is as follows:

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehensive Income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Total Carrying Value |
|---------------------------------------|-----------------------------------|---|--|--|------------------|----------------------|
| Financial Assets: | | | | | | |
| Loans including credit substitutes | - | - | - | - | 3,228,049 | 3,228,049 |
| Investments (Other than in Associate) | 14,515 | - | - | - | 11,894 | 26,409 |
| Total | 14,515 | - | - | - | 3,239,943 | 3,254,458 |
| Financial Liabilities: | | | | | | |
| Borrowings | - | - | - | - | 2,821,363 | 2,821,363 |
| Total | - | - | - | - | 2,821,363 | 2,821,363 |

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade and other payables as on March 31, 2019, March 31, 2018 and April 1, 2017 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

Investment in associates:

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

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

| As at March 31, 2019 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|---------------|--------------|---------------|---------------|
| Financial Assets: | | | | |
| Mutual fund units | - | 1,325 | - | 1,325 |
| Equity Shares | 24,029 | - | 3,503 | 27,532 |
| Preference shares | - | - | 3,500 | 3,500 |
| Security Receipts | - | 126 | - | 126 |
| Loans | - | - | 21,080 | 21,080 |
| Total | 24,029 | 1,451 | 28,083 | 53,563 |

| As at March 31, 2018 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|---------------|--------------|--------------|---------------|
| Financial Assets: | | | | |
| Mutual fund units | - | 1,125 | - | 1,125 |
| Equity Shares | 16,028 | - | 3,723 | 19,751 |
| Preference shares | - | - | - | - |
| Security Receipts | - | 600 | - | 600 |
| Loans | - | - | 3,273 | 3,273 |
| Total | 16,028 | 1,725 | 6,996 | 24,749 |

| As at April 1, 2017 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|---------------|--------------|------------|---------------|
| Financial Assets: | | | | |
| Mutual fund units | - | 1,058 | - | 1,058 |
| Equity Shares | 11,565 | - | 762 | 12,327 |
| Preference shares | - | - | - | - |
| Security Receipts | - | 1,130 | - | 1,130 |
| Loans | - | - | - | - |
| Total | 11,565 | 2,188 | 762 | 14,515 |

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, 2019 | | As at March 31, 2018 | | As at April 1, 2017 | |
|---|-------------------------|------------------|-------------------------|------------------|------------------------|------------------|
| | Carrying Value | Fair value | Carrying Value | Fair value | Carrying Value | Fair value |
| Financial Assets at amortised cost: | | | | | | |
| Loans including credit substitutes | 4,441,317 | 4,478,737 | 3,695,391 | 3,737,330 | 3,228,049 | 3,255,546 |
| Total | 4,441,317 | 4,478,737 | 3,695,391 | 3,737,330 | 3,228,049 | 3,255,546 |
| Financial Liabilities at amortised cost: | | | | | | |
| Borrowings | 3,980,566 | 3,987,327 | 3,284,439 | 3,297,121 | 2,821,363 | 2,861,808 |
| Total | 3,980,566 | 3,987,327 | 3,284,439 | 3,297,121 | 2,821,363 | 2,861,808 |

Fair value of the Financial instruments measured at amortised cost

The fair value of loans given is based on observable market transactions, to the extent available. Wherever the observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes interest rates, prepayment rates, primary origination or secondary market spreads. Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions.

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

The fair value of borrowings from banks is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

30. Fair values of financial instruments

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

| Financial instruments | Fair value as at | | | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|---|----------------------|----------------------|---------------------|----------------------|--|-----------------------------------|---|
| | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 | | | | |
| Equity Shares - unquoted** | 3,503 | 3,723 | 762 | Level 3 | Net asset value, based on valuation report or latest financial statements of the company | NA | NA |
| Preference shares | 3,500 | - | - | Level 3 | Dividend accrued, as per the sanction letter. | NA | NA |
| Loans - FVTOCI | 21,080 | 3,273 | - | Level 3 | Discounted contractual cash flows.* | NA | NA |
| | | | | | | | |
| Financial Assets at FVTPL/FVTOCI (B) | 28,083 | 6,996 | 762 | | | | |

* Refer note 30 A

**Fair value of the unquoted equity investment received upon settlement of loan is computed based on the net asset value (NAV) as per the latest financial statements. Absent information available, the assets are carried at nil value.

30 Fair values of financial instruments

See accounting policy in Note 2(iii).

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) | FVTOCI | FVTPL | Total |
|-----------------------------|---------------|--------------|---------------|
| | Loans | Invetsments | |
| As at March 31, 2018 | 3,273 | 3,723 | 6,996 |
| Total gains or losses: | | | - |
| in profit or loss | - | 156 | 156 |
| in OCI | (23) | - | (23) |
| Purchases | 21,065 | - | 21,065 |
| Settlements | (3,235) | (376) | (3,611) |
| Transfers into Level 3 | - | - | - |
| Transfers out of Level 3 | - | - | - |
| As at March 31, 2019 | 21,080 | 3,503 | 24,583 |

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) | FVTOCI | FVTPL | Total |
|--|-------------|-------------|------------|
| | Loans | Invetsments | |
| For the year ended March 31, 2019 | | | |
| Total gains and losses recognised in profit or loss: | | | |
| Fair value changes : | | | |
| -Realised | - | 1,077 | 1,077 |
| -Unrealised | - | (80) | (80) |
| Recognised in FVTOCI | (23) | - | - |
| Total Net gain/(loss) on fair value changes | (23) | 997 | 974 |
| Dividend Income | | - | - |
| Interest Income | | - | - |
| Total | | - | - |

| | | | | |
|-----|-----------------------------|--------------|--------------|--------------|
| iii | (Rs. in lakh) | FVTOCI | FVTPL | Total |
| | | Loans | Invetsments | |
| | As at April 1, 2017 | - | 762 | 762 |
| | Total gains or losses: | | | - |
| | in profit or loss | - | (386) | (386) |
| | in OCI | 38 | - | 38 |
| | Purchases/transfer* | 3,235 | 3,347 | 6,582 |
| | Settlements | - | - | - |
| | Transfers into Level 3 | - | - | - |
| | Transfers out of Level 3 | - | - | - |
| | As at March 31, 2018 | 3,273 | 3,723 | 6,996 |

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

| | | | | |
|-----|---|--------|-------------|-------|
| iv | (Rs. in lakh) | FVTOCI | FVTPL | Total |
| | | Loans | Invetsments | |
| | For the year ended March 31, 2018 | | | |
| | Total gains and losses recognised in profit or loss: | | | |
| (A) | Net Gain / (loss) on financial instruments at fair value through profit or loss | | | |
| | Fair value changes : | | | |
| | -Realised | - | - | - |
| | -Unrealised | - | (386) | (386) |
| | Recognised in FVTOCI | (38) | - | - |
| | Total Net gain/(loss) on fair value changes | (38) | (386) | (386) |
| | Dividend Income | - | - | - |
| | Interest Income | - | - | - |
| | Total | - | - | - |

31 Financial risk review

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

For information on the financial risk management framework, see Note 31

- A. Credit risk
 - i. Credit quality analysis
 - ii. Collateral held and other credit enhancements
 - iii. Amounts arising from ECL
 - iv. Concentration of Credit Risk
- B. Liquidity risk
 - i. Exposure to liquidity risk
 - ii. Maturity analysis for financial liabilities and financial assets
 - iii. Financial assets available to support future funding
 - iv. Financial assets pledged as collateral
- C. Market risk
 - i. Exposure to interest rate risk – Non-trading portfolios
 - ii. Exposure to currency risks – Non-trading portfolios
- D. Capital management
 - i. Regulatory capital
 - ii. Capital allocation

A. Credit risk

For the definition of credit risk and information on how credit risk is mitigated by the Company, see Note 31.

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 2ix.

31. Financial risk review(continued)

A. Credit risk

Loans by Division

1) Credit quality analysis continued

Loans exposure by Financing division

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| Loans by Division | | | |
| (i) Commercial and SME finance | 2,587,106 | 2,039,039 | 1,749,710 |
| (ii) Consumer finance & advisory buisness and rural finance | 1,864,137 | 1,608,290 | 1,375,394 |
| (iii) Others | 11,154 | 51,336 | 102,945 |
| Total - Gross | 4,462,397 | 3,698,665 | 3,228,050 |
| Less : Impairment loss allowance | 150,797 | 156,252 | 194,983 |
| Total- Net Loans | 4,311,601 | 3,542,413 | 3,033,067 |

Notes:

Note: Gross carrying amount does not include loan commitments Rs. 346,180 (As on March 31, 2018: Rs. 362,584 lakh ; As on 01, April 2017 : Rs. 310,845 lakh). The EAD considered for loan commitments is after applying credit conversion factor (CCF) as per RBI norms.

2. The above includes impairment allowance towards loan designated as FVTOCI amounting to Rs. 85 lakh (as on March 31, 2018 : Rs. 13 lakh ; as on April 01, 2017 : Nil)

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.

| Outstanding Gross Loans | As at March 31, 2019 | | | | March 31, 2018 | | | | April 1, 2017 | | | |
|-------------------------|----------------------|----------------|----------------|------------------|------------------|----------------|----------------|------------------|------------------|----------------|----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Days past due | | | | | | | | | | | | |
| Zero overdue | 3,953,074 | 47 | 354 | 3,953,475 | 2,985,727 | - | 839 | 2,986,566 | 2,499,861 | - | 443 | 2,500,303 |
| 1-29 days | 282,452 | 10,179 | 299 | 292,931 | 446,489 | - | 571 | 447,060 | 419,143 | - | 1,360 | 420,503 |
| 30-59 days | - | 59,733 | 401 | 60,134 | - | 99,240 | 254 | 99,495 | - | 94,546 | 682 | 95,228 |
| 60-89 days | - | 47,644 | 955 | 48,599 | - | 44,840 | 271 | 45,111 | - | 30,994 | 443 | 31,438 |
| 90 or more days | - | - | 107,259 | 107,259 | - | - | 120,432 | 120,432 | - | - | 180,578 | 180,578 |
| Total | 4,235,526 | 117,603 | 109,268 | 4,462,397 | 3,432,216 | 144,080 | 122,368 | 3,698,664 | 2,919,003 | 125,540 | 183,505 | 3,228,049 |

Note: Gross carrying amount does not include loan commitments Rs. 346,180 (As on March 31, 2018: Rs. 362,584 lakh ; As on April 01, 2017 : Rs. 310,845 lakh) which are categorised as Stage I asset under zero overdue.

| Impairment allowance on Loans | As at March 31, 2019 | | | | March 31, 2018 | | | | April 1, 2017 | | | |
|-------------------------------|----------------------|---------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|---------------|----------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Days past due | | | | | | | | | | | | |
| Zero overdue | 28,198 | 2 | 275 | 28,475 | 20,015 | - | 540 | 20,554 | 17,840 | - | - | 17,840 |
| 1-29 days | 6,329 | 2,475 | 189 | 8,994 | 10,281 | - | 540 | 10,822 | 9,166 | - | - | 9,166 |
| 30-59 days | - | 10,100 | 321 | 10,421 | - | 9,767 | 219 | 9,987 | - | 8,856 | - | 8,856 |
| 60-89 days | - | 11,391 | 533 | 11,924 | - | 9,509 | 244 | 9,753 | - | 6,314 | - | 6,314 |
| 90 or more days | - | - | 90,983 | 90,983 | - | - | 105,136 | 105,136 | - | - | 152,807 | 152,807 |
| Total | 34,527 | 23,969 | 92,301 | 150,797 | 30,296 | 19,276 | 106,679 | 156,252 | 27,006 | 15,170 | 152,807 | 194,983 |

Notes:

1. Includes impairment allowance on loan commitments Rs. 1,458 lakh (As on March 31, 2018 1,503 lakh ; As on April 01, 2017 : 1,152 Lakh)

2. The above includes impairment allowance towards loan designated as FVTOCI amounting to Rs. 85 lakh (as on March 31, 2018 : Rs. 13 lakh ; as on April 01, 2017 : Nil)

31. Financial risk review(continued)

A. Credit risk

Loans by Division

i. Credit quality analysis continued

| As at March 31, 2019 | | Asset group | Days past due | Estimated gross carrying amount at default | Expected credit loss rates | Expected credit losses | Carrying amount net of impairment provision |
|---|--|---|----------------------|--|----------------------------------|---------------------------|---|
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased significantly since initial recognition | Loans, Credit Substitutes, Finance Leases | 0 | 3,953,074 | 0.71% | 28,198 | 3,924,876 |
| | | | 1-29 | 282,452 | 2.24% | 6,329 | 276,123 |
| | | | Total | 4,235,526 | 0.82% | 34,527 | 4,200,999 |
| Loss allowance measured at life-time expected credit losses | Financial assets for which credit risk has increased significantly and not credit-impaired | Loans, Credit Substitutes, Finance Leases | 0 | 47 | 4.52% | 2 | 45 |
| | | | 1-29 | 10,179 | 24.32% | 2,475 | 7,703.60 |
| | | | 30-59 | 59,733 | 16.91% | 10,100 | 49,632 |
| | | | 60-89 | 47,644 | 23.91% | 11,391 | 36,252 |
| | | | Total | 117,603 | 20.38% | 23,969 | 93,634 |
| | Financial assets for which credit risk has increased significantly and credit-impaired | Loans, Credit Substitutes, Finance Leases | 0 | 354 | 77.80% | 275 | 79 |
| | | | 1-29 | 299 | 63.29% | 189 | 110 |
| | | | 30-59 | 401 | 80.02% | 321 | 80 |
| | | | 60-89 | 955 | 55.75% | 533 | 423 |
| | | | 90 days and above | 107,259 | 84.83% | 90,983 | 16,276 |
| | | | Total | 109,268 | 84.47% | 92,301 | 16,967 |
| | | | Total | 4,462,397 | 3.38% | 150,797 | 4,311,601 |

| March 31, 2018 | | Asset group | Days past due | Estimated gross carrying amount at default | Expected credit loss rates | Expected credit losses | Carrying amount net of impairment provision |
|---|--|---|----------------------|--|----------------------------------|---------------------------|---|
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased | Loans, Credit Substitutes, Finance Leases | 0 | 2,985,727 | 0.67% | 20,015 | 2,965,712 |
| | | | 1-29 | 446,489 | 2.30% | 10,281 | 436,208 |
| | | | Total | 3,432,216 | 0.88% | 30,296 | 3,401,920 |
| Loss allowance measured at life-time expected credit losses | Financial assets for which credit risk has increased significantly | Loans, Credit Substitutes, Finance Leases | 30-59 | 99,240 | 9.84% | 9,767 | 89,473 |
| | | | 60-89 | 44,840 | 21.21% | 9,509 | 35,331 |
| | | | Total | 144,080 | 13.38% | 19,276 | 124,804 |
| | Financial assets for which credit risk has increased significantly and credit-impaired | Loans, Credit Substitutes, Finance Leases | 0 | 839 | 64.29% | 540 | 300 |
| | | | 1-29 | 571 | 94.63% | 540 | 31 |
| | | | 30-59 | 254 | 86.21% | 219 | 35 |
| | | | 60-89 | 271 | 89.98% | 244 | 27 |
| | | | 90 days and above | 120,432 | 87.30% | 105,136 | 15,296 |
| | | | Total | 122,368 | 87.18% | 106,679 | 15,689 |
| | | | Total | 3,698,664 | 4.22% | 156,252 | 3,542,412 |

| April 1, 2017 | | Asset group | Days past due | Estimated gross carrying amount at default | Expected credit loss rates | Expected credit losses | Carrying amount net of impairment provision |
|---|--|---|----------------------|--|----------------------------------|---------------------------|---|
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased | Loans, Credit Substitutes, Finance Leases | 0 | 2,499,861 | 0.71% | 17,840 | 2,482,020 |
| | | | 1-29 | 419,143 | 2.19% | 9,166 | 409,977 |
| | | | Total | 2,919,003 | 0.93% | 27,006 | 2,891,997 |
| Loss allowance measured at life-time expected credit losses | Financial assets for which credit risk has increased significantly | Loans, Credit Substitutes, Finance Leases | 30-59 | 94,546 | 9.37% | 8,856 | 85,690 |
| | | | 60-89 | 30,994 | 20.37% | 6,314 | 24,680 |
| | | | Total | 125,540 | 12.08% | 15,170 | 110,370 |
| | Financial assets for which credit risk has increased significantly and credit-impaired | Loans, Credit Substitutes, Finance Leases | 0 | 443 | 0.00% | - | 443 |
| | | | 1-29 | 1,360 | 0.00% | - | 1,360 |
| | | | 30-59 | 682 | 0.00% | - | 682 |
| | | | 60-89 | 443 | 0.00% | - | 443 |
| | | | 90 days and above | 180,578 | 84.62% | 152,807 | 27,770 |
| | | | Total | 183,505 | 83.27% | 152,807 | 30,698 |
| | | | Total | 3,228,049 | 6.04% | 194,983 | 3,033,066 |

Note 1 : Gross carrying amount does not include loan commitments Rs. 346,180 (As on March 31, 2018: Rs. 362,584 lakh ; As on 01, April 2017 : Rs. 310,845 lakh).

Note 2 : Includes impairment allowance on loan commitments Rs. 1,458 lakh (As on March 31, 2018 1,503 lakh ; As on April 01, 2017 ; 1,152 Lakh)

31. Financial risk review(continued)

Amt in Lakh

A. Credit risk

4)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---------------------------------|---------------------------------|--------------------------------|
| LOANS | | | |
| - Amortised Cost | 4,441,317 | 3,695,391 | 3,228,049 |
| - At Fair Value through Other Comprehensive Income | 21,080 | 3,273 | - |
| Total - Gross Loans | 4,462,397 | 3,698,664 | 3,228,049 |
| Less: Un-Amortized Processing Fees net of DMA Commission | (11,756) | (7,969) | (4,584) |
| Total - Carrying Value of Loans | 4,450,641 | 3,690,695 | 3,223,465 |
| Less : Impairment Allowance | (150,797) | (156,252) | (194,983) |
| Total - Net Loans | 4,299,844 | 3,534,443 | 3,028,482 |

31. Financial risk review(continued)

A. Credit risk

i. Credit quality analysis continued

Derivative Financial Instruments

The Company enters into derivatives contract for risk management purposes and has elected not 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 February 28, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|----------------------------|------------------------|-----------------------------|-------------------------|------------------------|-----------------------------|------------------------|------------------------|-----------------------------|
| | Notional Amounts | Fair Value - Assets | Fair Value - Liabilities | Notional Amounts | Fair Value - Assets | Fair Value - Liabilities | Notional Amounts | Fair Value - Assets | Fair Value - Liabilities |
| Foreign Exchange Forward contracts | - | - | - | 3,718 | 65 | - | - | - | - |
| Total | - | - | - | 3,718 | 65 | - | - | - | - |

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

The Company is exposed to foreign currency risk related to plant and equipment imported and deployed under operating leases to its customer and the primary risk of payment terms in foreign currency is managed by entering into a forward rate purchase agreement.

The Corporation's risk management strategy and how it is applied to manage risk are explained in Note 2(ix).

The foreign exchange forward contracts are not designated in a hedging relationship and are entered into for periods consistent with exposure of the underlying transactions, generally from 6 to 12 months.

31. Financial risk review(continued)

A. Credit risk

ii Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.

The main types of collateral obtained are as follows:

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

For retail lending, mortgages over residential properties is obtained. For vehicle and tractor loans, the respective movable asset is hypothecated to the Company.

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

| Particulars | Categories of collaterals available | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--------------------------------------|---|----------------------|----------------------|---------------------|
| Financial assets | | | | |
| Loans | | | | |
| Bills purchased and bills discounted | Charge on Trade receivables and inventories | 32,612 | 52,394 | 40,969 |
| Term loans | A) Charges over: i) real estate properties (including residential and commercial), ii) Property and equipment, iii) inventory and trade receivables, iv) marketable securities (equity and debt securities) | 4,182,619 | 3,460,619 | 3,034,771 |
| Credit substitutes | B) hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors C) floating charge on corporate assets as mentioned in point A | 160,381 | 116,771 | 94,846 |
| Finance lease and hire purchase | Hypothecation of the underlying asset financed, primarily includes plant and equipment | 51,874 | 43,438 | 31,843 |
| Retained portion of assigned loans | mortgages over residential properties | 3,420 | 5,567 | 7,018 |
| Total | | 4,430,906 | 3,678,789 | 3,209,447 |

Assets obtained by taking possession of collateral

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

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

As on March 31, 2019, the Company is in possession of non current assets held for sale (NCAHS) which have been recorded in the financial statements amounting to Rs. NIL lakh (As on March 31, 2018 Rs 1,326 lakh ; As on April 1, 2017 Rs 3,582 lakh)

The Company has written-off loans of Rs. 51,408 lakh in financial year ended March 31, 2019 (Previous year : Rs. 62,501 lakh). The Company retains its contractual right against the obligor and may pursue all remedies to recover these dues.

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

| Particulars | Categories of collaterals available | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--------------------------------------|---|----------------------|----------------------|---------------------|
| Financial assets | | | | |
| Loans | | | | |
| Bills purchased and bills discounted | Charge on Trade receivables and inventories | 229 | 229 | - |
| Term loans | A) Charges over: i) real estate properties (including residential and commercial), ii) Property and equipment, iii) inventory and trade receivables, iv) marketable securities (equity and debt securities) | 6,172 | 25,715 | 44,344 |
| Credit substitutes | B) hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors C) floating charge on corporate assets as mentioned in point A | 826 | 13,326 | 7,806 |
| Total | | 7,228 | 39,271 | 52,150 |

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

31. Financial risk review(continued)

A. Credit risk

iii Amounts arising from ECL

Impairment allowance on financial asset is covered in note (ix)

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 and reschedulement of loans. These factors are applied uniformly for each lending product. Additionally, for CSFD, Executive committee for labelling reviews accounts having breach of criteria's such as security deferral beyond 45 days and one notch rating down grade. Upon review the committee may conclude that the account qualifies for classification as stage 2 since there is increase in credit risk. The determination of the credit risk is for each product, considering the unique risk and rewards associated with it. The Company has observed varied level of risk across various buckets within each stage and a significant increase in risk in stage 2.

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(ix) in Significant accounting policies for definition of Stages of Asset

2) Assumptions:

The Company has applied following assumptions for determination of ECL.

- 1) "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- 2) "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- 3) "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company including loan commitments.
- 4) Definition of default: A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Further if the customer has requested forbearance in repayment terms, such restructured, rescheduled or renegotiated accounts are also classified as Stage 3. Non-payment on another obligation of the same customer is also considered as a stage 3.
- 5) Forward looking information

The Company incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic

variables such as real GDP, domestic credit growth, money market interest rate etc. as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes. More weight is applied to pessimistic outcome consistently as a matter of prudence than optimistic outcome.

The below table indicates the macro economic variables used for determination of the One year probability of default and life time probability of default over the period of five years:

| Marco economic parameters used* | Measurement metric (% change / value) | Scenarios | Base case ranges between | | | | |
|---|--|-------------|--------------------------|-----------|-----------|-----------|-----------|
| | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| a) Private consumption | Private consumption (% real change pa) | Base | 7.60 | 7.50 | 8.50 | 8.10 | 7.38 |
| | | Optimistic | 8.08 | 7.98 | 8.98 | 8.58 | 7.86 |
| | | Pessimistic | 7.12 | 7.02 | 8.02 | 7.62 | 6.90 |
| b) contribution to real GDP growth/Real GDP | Real GDP (% change pa) | Base | 7.70 | 7.40 | 7.60 | 7.80 | 7.41 |
| | | Optimistic | 8.22 | 7.92 | 8.12 | 8.32 | 7.93 |
| | | Pessimistic | 7.18 | 6.88 | 7.08 | 7.28 | 6.89 |
| c) Housing Price Index | Housing Price Index (change in % change) | Base | (0.40) | (0.15) | (0.14) | (0.14) | (0.13) |
| | | Optimistic | 0.77 | 1.01 | 1.02 | 1.03 | 1.04 |
| | | Pessimistic | (1.57) | (1.32) | (1.31) | (1.31) | (1.30) |
| d) Lending interest rate | Lending Interest Rate (%) | Base | 9.60 | 9.00 | 9.10 | 9.30 | 9.89 |
| | | Optimistic | 9.91 | 9.31 | 9.41 | 9.61 | 10.20 |
| | | Pessimistic | 9.29 | 8.69 | 8.79 | 8.99 | 9.58 |
| e) Average real wages | Average real wages (% change pa) | Base | 4.40 | 4.80 | 5.20 | 5.60 | 2.17 |
| | | Optimistic | 5.15 | 5.55 | 5.95 | 6.35 | 2.92 |
| | | Pessimistic | 3.65 | 4.05 | 4.45 | 4.85 | 1.43 |
| f) Real agriculture | Real agriculture - [Y] | Base | 19,083.20 | 19,732.00 | 20,422.60 | 21,178.30 | 18,990.78 |

| | | | | | | | |
|--------------------------|-----------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|
| | | Optimistic | 20,101.75 | 20,750.55 | 21,441.15 | 22,196.85 | 20,009.33 |
| | | Pessimistic | 18,064.65 | 18,713.45 | 19,404.05 | 20,159.75 | 17,972.23 |
| g) Recorded unemployment | Recorded unemployment (%) | Base | 8.70 | 8.90 | 8.80 | 8.70 | 8.69 |
| | | Optimistic | 9.01 | 9.21 | 9.11 | 9.01 | 9.00 |
| | | Pessimistic | 8.39 | 8.59 | 8.49 | 8.39 | 8.38 |
| h) Consumer prices | Consumer prices (% change pa; av) | Base | 4.90 | 4.60 | 4.80 | 5.10 | 5.55 |
| | | Optimistic | 5.99 | 5.69 | 5.89 | 6.19 | 6.64 |
| | | Pessimistic | 3.81 | 3.51 | 3.71 | 4.01 | 4.45 |
| i) Housing Price Index | Housing Price Index (% change) | Base | 0.06 | 0.05 | 0.05 | 0.04 | 0.03 |
| | | Optimistic | (0.00) | (0.01) | (0.02) | (0.03) | (0.03) |
| | | Pessimistic | 0.13 | 0.12 | 0.11 | 0.10 | 0.10 |

Note: The Company has applied more weights to the pessimistic case as compared to the Optimistic case.

6) Assessment of significant increase in credit risk

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Additionally, accounts identified and reviewed by the Executive committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

3) Estimation techniques:

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

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

- 2) Loss given default is calculated after considering outstanding at the time of default and adjusting for actual recoveries basis time value of money, absent availability of internal data we have used information to the extent available from Basel norms.

i) Credit risk monitoring techniques

Exposures are subject to ongoing monitoring, which may indicate that a significant increase in credit risk has occurred on an exposure. The monitoring typically involves use of the following data for Corporate and Retail exposures:

- ii) Overdue status
- iii) Restructuring, reschedulement of loans and requests for granting of forbearance
- iv) Fraudulent customer
- v) Marked as high risk by the Risk Management Committee
- vi) Techniques for determining PD
- vii) Information published in the Basel IRB (Basel internal rating based approach refers to set of credit measurement techniques proposed by the Basel Committee on Bank Supervision (BCBS) for determining capital adequacy of the bank) norms is also used

Days past due are a primary input for the determination of the PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by product. For some portfolios, information published in Basel IRB norms is also used.

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

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

- a) Private consumption;
- b) contribution to real GDP growth;
- c) Housing Price Index;
- d) Lending interest rate;
- e) Average real wages;
- f) Real agriculture;
- g) Recorded unemployment;
- h) Consumer prices;
- i) Real GDP.

Based on advice from the external risk management experts, the Company considered variety of external actual and forecast information to formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. Such forecasts are adjusted to estimate the PDs.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

A maximum of a 12-month PD or actual contractual tenure is considered for financial assets for which credit risk has not significantly increased. The Company measures ECL for stage 2 and stage 3 assets considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

The portfolio is subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Company has limited historical data, external benchmark information is used to supplement the internally available data.

viii) Techniques for determining LGD:

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates against defaulted counterparties. The LGD models consider the cash flow received, assets received in lieu of settlement of loan and collateral available for subsequent recovery that is integral to the financial asset. LGD estimates are calculated on a discounted cash flow basis using the internal rate of return as the discounting factor. Company has observed challenges in the resolution of defaulted accounts with ageing more than two years and accordingly a higher LGD estimate is applied assuming nil recoveries towards such accounts.

ix) Techniques for computation of EAD

- a) EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on credit conversion factor prescribed by RBI for various loan commitments. For financial assets in stage 2, EAD is determined by estimating the possible exposure in future using linear amortisation techniques.
- b) For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the loan and the cash flows that the Company expects to receive if the loan is drawn down. Outstanding exposure for utilised limit as well as un-utilised limit post applying the credit conversion factor as prescribed under RBI guidelines, absent availability of information of past history of conversion of un-utilised limits into utilised limits is considered as exposure at default for non-fund based facilities.

31. Financial risk review(continued)

A. Credit risk

iii Amounts arising from ECL

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

| a) Particulars | For the period ended March 31, 2019 | | | | For the period ended March 31, 2018 | | | |
|--|--|----------------|----------------|------------------|--|----------------|----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Gross carrying amount opening balance | 3,432,216 | 144,080 | 122,368 | 3,698,664 | 2,919,003 | 125,540 | 183,505 | 3,228,049 |
| New assets originated or purchased | 2,332,521 | - | - | 2,332,521 | 1,976,451 | - | - | 1,976,451 |
| Assets derecognised or repaid (excluding write offs) | (1,396,631) | (34,947) | (26,323) | (1,457,901) | (1,340,718) | (28,922) | (45,646) | (1,415,286) |
| Transfers to Stage 1 | 46,288 | (57,073) | (4,357) | (15,142) | 62,104 | (57,594) | (7,464) | (2,954) |
| Transfers to Stage 2 | (117,654) | 93,772 | (2,331) | (26,213) | (138,574) | 126,633 | (4,348) | (16,289) |
| Transfers to Stage 3 | (56,264) | (25,253) | 66,433 | (15,085) | (44,095) | (19,357) | 51,544 | (11,909) |
| Amounts written off | (4,950) | (2,977) | (46,521) | (54,448) | (1,955) | (2,219) | (55,224) | (59,398) |
| Gross carrying amount closing balance | 4,235,526 | 117,603 | 109,268 | 4,462,397 | 3,432,216 | 144,080 | 122,368 | 3,698,664 |

Note : Gross carrying amount does not include loan commitments Rs. 346,180 (As on March 31, 2018: Rs. 362,584 lakh ; As on 01, April 2017 : Rs. 310,845 lakh).

| b) Particulars | For the period ended March 31, 2019 | | | | For the period ended March 31, 2018 | | | |
|--|--|---------------|---------------|----------------|--|---------------|----------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| ECL allowance - opening balance | 30,296 | 19,276 | 106,679 | 156,252 | 27,006 | 15,170 | 152,807 | 194,983 |
| New assets originated or purchased | 34,429 | - | - | 34,429 | 36,070 | - | - | 36,070 |
| Assets derecognised or repaid (excluding write offs) | (12,873) | (4,243) | (22,752) | (39,868) | (13,140) | (3,694) | (33,178) | (50,012) |
| Transfers to Stage 1 | 355 | (5,520) | (2,374) | (7,538) | 746 | (5,088) | (5,234) | (9,576) |
| Transfers to Stage 2 | (4,782) | 19,516 | (1,242) | 13,492 | (6,011) | 16,561 | (2,096) | 8,454 |
| Transfers to Stage 3 | (12,641) | (4,006) | 57,418 | 40,770 | (14,307) | (3,185) | 46,006 | 28,515 |
| Amounts written off | (257) | (1,055) | (45,429) | (46,740) | (68) | (488) | (51,626) | (52,182) |
| ECL allowance - closing balance | 34,527 | 23,969 | 92,301 | 150,797 | 30,296 | 19,276 | 106,679 | 156,252 |

Note : Includes impairment allowance on loan commitments Rs. 1,458 lakh (As on March 31, 2018 1,503 lakh ; As on April 01, 2017 ; 1,152 Lakh)

31. Financial risk review(continued)

A. Credit risk

iii Amounts arising from ECL

Modified financial assets

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

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

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

Exposure to modified financial assets

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|----------------------------|----------------------------|------------------------|
| Loan exposure to modified financial assets | | | |
| (i) Gross carrying amount | 5,360 | 18,004 | 51,756 |
| (ii) Impairment allowance | 2,431 | 13,616 | 42,577 |
| (iii) Net carrying amount | 2,929 | 4,388 | 9,178 |

31. Financial risk review(continued)

A. Credit risk

Loans by Division

iv) Concentration of Credit Risk

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

| STAGE | March 31, 2019 | | | | March 31, 2018 | | | | April 1, 2017 | | | |
|--------------------------------------|------------------|----------------|----------------|------------------|------------------|----------------|----------------|------------------|------------------|----------------|----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| SBU | | | | | | | | | | | | |
| Consumer Finance & Advisory Business | 1,715,155 | 82,360 | 66,622 | 1,864,137 | 1,495,226 | 58,891 | 54,134 | 1,608,251 | 1,280,048 | 42,215 | 53,130 | 1,375,393 |
| Corporate & SME Finance Division | 2,510,688 | 35,243 | 41,175 | 2,587,106 | 1,922,813 | 85,189 | 31,074 | 2,039,077 | 1,608,357 | 83,048 | 58,305 | 1,749,710 |
| Others | 9,683 | | 1,471 | 11,154 | 14,176 | - | 37,160 | 51,336 | 30,598 | 277 | 72,070 | 102,945 |
| Total | 4,235,526 | 117,603 | 109,268 | 4,462,397 | 3,432,216 | 144,080 | 122,368 | 3,698,664 | 2,919,003 | 125,540 | 183,505 | 3,228,049 |

Note : Gross carrying amount does not include loan commitments Rs. 346,180 (As on March 31, 2018: Rs. 362,584 lakh ; As on 01, April 2017 : Rs. 310,845 lakh).

| STAGE | March 31, 2019 | | | | March 31, 2018 | | | | April 1, 2017 | | | |
|--------------------------------------|----------------|---------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|---------------|----------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| SBU | | | | | | | | | | | | |
| Consumer Finance & Advisory Business | 20,217 | 19,938 | 56,182 | 96,338 | 17,122 | 12,474 | 42,588 | 72,184 | 15,092 | 8,937 | 37,325 | 61,354 |
| Corporate & SME Finance Division | 14,147 | 4,031 | 36,119 | 54,296 | 12,587 | 6,802 | 25,211 | 44,600 | 9,851 | 6,161 | 43,070 | 59,082 |
| Others | 163 | | | 163 | 587 | - | 38,880 | 39,467 | 2,063 | 72 | 72,412 | 74,547 |
| Total | 34,527 | 23,969 | 92,301 | 150,797 | 30,296 | 19,276 | 106,679 | 156,252 | 27,006 | 15,170 | 152,807 | 194,983 |

Note : Includes impairment allowance on loan commitments Rs. 1,458 lakh (As on March 31, 2018 1,503 lakh ; As on April 01, 2017 ; 1,152 Lakh)

31. 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 31.

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.

31. Financial risk review(continued)

B. Liquidity risk

ii. Maturity analysis of assets and liabilities

The table below set out carrying amount of non-derivative financial assets and financial liability according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

| ASSETS | As at March 31, 2019 | | | As at March 31, 2018 | | | April 1, 2017 | | |
|---|----------------------|------------------|------------------|----------------------|------------------|------------------|------------------|------------------|------------------|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| Financial assets | 2,412,903 | 2,156,224 | 4,569,127 | 2,051,618 | 1,760,449 | 3,812,067 | 1,763,436 | 1,554,253 | 3,317,689 |
| Cash and cash equivalents | 25,163 | - | 25,163 | 8,128 | - | 8,128 | 7,337 | - | 7,337 |
| Bank Balance other than (a) above | 36 | - | 36 | - | 4,462 | 4,462 | 3 | - | 3 |
| Trade Receivables | 3,454 | - | 3,454 | 6,675 | - | 6,675 | 2,001 | - | 2,001 |
| Loans | 2,349,241 | 2,113,156 | 4,462,397 | 1,978,905 | 1,719,759 | 3,698,664 | 1,704,903 | 1,523,146 | 3,228,049 |
| Investments | 1,887 | 36,145 | 38,032 | 1,077 | 28,395 | 29,472 | 795 | 25,614 | 26,409 |
| Other financial assets | 33,122 | 6,923 | 40,045 | 56,833 | 7,833 | 64,666 | 48,397 | 5,493 | 53,890 |
| Non-financial Assets | 47,222 | 167,478 | 214,700 | 35,162 | 141,946 | 177,108 | 22,919 | 159,419 | 182,338 |
| Current tax asset | 8,797 | - | 8,797 | 6,265 | - | 6,265 | 5,818 | - | 5,818 |
| Deferred tax Assets (Net) | - | 64,324 | 64,324 | - | 62,684 | 62,684 | - | 70,970 | 70,970 |
| Investment property | - | - | - | - | - | - | - | - | - |
| Property, Plant and Equipment | - | 91,487 | 91,487 | - | 69,000 | 69,000 | - | 77,052 | 77,052 |
| Capital work-in-progress | - | 62 | 62 | - | 101 | 101 | - | 518 | 518 |
| Intangible assets under development | - | 108 | 108 | - | 39 | 39 | - | 655 | 655 |
| Other Intangible assets | - | 2,179 | 2,179 | - | 2,314 | 2,314 | - | 1,109 | 1,109 |
| Other non-financial assets | 38,425 | 9,318 | 47,743 | 28,897 | 7,808 | 36,705 | 17,101 | 9,115 | 26,216 |
| Asset held for sale | - | - | - | - | - | - | - | - | - |
| Total Assets | 2,460,125 | 2,323,702 | 4,783,827 | 2,086,781 | 1,902,394 | 3,989,175 | 1,786,354 | 1,713,673 | 3,500,027 |
| LIABILITIES | | | | | | | | | |
| Financial Liabilities | 2,337,251 | 1,847,939 | 4,185,190 | 1,855,600 | 1,647,038 | 3,502,638 | 2,017,719 | 996,901 | 3,014,620 |
| Derivative financial instruments | - | - | - | 98 | - | 98 | - | - | - |
| Trade Payables | - | - | - | - | - | - | - | - | - |
| (i) Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - | - | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 55,910 | - | 55,910 | 52,566 | - | 52,566 | 44,537 | - | 44,537 |
| Debt Securities | 704,193 | 904,955 | 1,609,148 | 467,880 | 764,267 | 1,232,147 | 724,550 | 545,238 | 1,269,788 |
| Borrowings (Other than debt securities) | 1,377,758 | 663,900 | 2,041,658 | 1,184,752 | 595,500 | 1,780,252 | 1,116,583 | 195,215 | 1,311,798 |
| Deposits | - | - | - | - | - | - | - | - | - |
| Subordinated liabilities | 89,677 | 240,083 | 329,760 | - | 272,040 | 272,040 | - | 239,777 | 239,777 |
| Other financial liabilities | 109,713 | 39,001 | 148,714 | 150,304 | 15,231 | 165,535 | 132,049 | 16,671 | 148,720 |
| Non-Financial Liabilities | 115,573 | 78,701 | 194,274 | 122,949 | 68,417 | 191,366 | 146,151 | 79,807 | 225,958 |
| Current tax liability | 13,110 | - | 13,110 | 10,114 | - | 10,114 | 8,575 | - | 8,575 |
| Provisions | 102,463 | 49,778 | 152,241 | 112,835 | 45,222 | 158,057 | 137,576 | 62,985 | 200,561 |
| Deferred tax liabilities (Net) | - | 28,923 | 28,923 | - | 23,195 | 23,195 | - | 16,822 | 16,822 |
| Liability and disposal groups held for sale | - | - | - | - | - | - | - | - | - |
| Total liabilities | 2,452,823 | 1,926,641 | 4,379,464 | 1,978,549 | 1,715,455 | 3,694,004 | 2,163,870 | 1,076,708 | 3,240,578 |
| Net | 7,301 | 397,062 | 404,363 | 108,231 | 186,940 | 295,171 | 377,516 | 636,965 | 259,449 |

31. Financial risk review(continued)

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

The amounts in the table above have been compiled as follows.

| Type of financial instrument | Basis on which amounts are compiled |
|---|--|
| Non-derivative financial liabilities and financial assets | Undiscounted cash flows, which include estimated interest payments. |
| Loans disbursed to customers and unrecognised loan commitments | Earliest possible contractual maturity. |
| Derivative financial liabilities and financial assets held for risk management purposes | The Derivative liability amount represents the Mark to market(MTM) gain. |

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

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

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

31. Financial risk review(continued)

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

| As at March 31, 2019 | Note | 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 | | 55,910 | 55,910 | - | 55,910 | - | - | - | 55,910 | - |
| Debt securities issued | 14 | 1,614,433 | 1,614,433 | 107,630 | 122,500 | 479,348 | 879,628 | 25,327 | 709,478 | 904,955 |
| Borrowings | 15 | 2,041,864 | 2,041,864 | 307,114 | 745,148 | 325,702 | 475,000 | 188,900 | 1,377,964 | 663,900 |
| Subordinated liabilities | 16 | 330,628 | 330,628 | - | - | 90,545 | 9,643 | 230,440 | 90,545 | 240,083 |
| Other financial liabilities | | 148,714 | 148,714 | 2,918 | 10,606 | 95,293 | 39,898 | - | 108,817 | 39,898 |
| Derivative liabilities | | | - | - | - | - | - | - | - | - |
| Total | | 4,191,549 | 4,191,549 | 417,662 | 934,164 | 990,888 | 1,404,169 | 444,667 | 2,342,714 | 1,848,836 |
| Market Borrowings | | 2,588,219 | 2,588,219 | 212,879 | 553,148 | 677,154 | 889,271 | 255,767 | 1,443,181 | 1,145,038 |
| Bank borrowings | | 1,209,807 | 1,209,807 | 201,865 | 314,500 | 218,442 | 475,000 | - | 734,807 | 475,000 |
| Total Borrowings excluding CCCPS | | 3,798,025 | 3,798,025 | 414,744 | 867,648 | 895,595 | 1,364,271 | 255,767 | 2,177,988 | 1,620,038 |
| Financial asset by type | | | | | | | | | | |
| Non-derivative assets | | | | | | | | | | |
| Cash and cash equivalents | 4 | 25,163 | 25,163 | 25,163 | - | - | - | - | 25,163 | - |
| Bank balances | 5 | 36 | 36 | 36 | - | - | - | - | 36 | - |
| Receivables | 6 | 3,454 | 3,454 | 3,454 | - | - | - | - | 3,454 | - |
| Loans | 7 | 4,462,397 | 4,462,397 | 290,974 | 852,930 | 1,053,399 | 1,549,542 | 715,552 | 2,197,302 | 2,265,095 |
| Investments | 8 | 38,032 | 38,032 | - | - | 1,379 | 36,653 | - | 1,379 | 36,653 |
| Other Financial Assets | 9 | 40,045 | 40,045 | - | - | 33,133 | 6,912 | - | 33,133 | 6,912 |
| Derivative assets | | | | | | | | | | |
| Total | | 4,569,127 | 4,569,127 | 319,627 | 852,930 | 1,087,910 | 1,593,107 | 715,552 | 2,260,467 | 2,308,660 |

31. Financial risk review(continued)

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

| As at March 31, 2018 | Note | 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 | | 52,566 | 52,566 | - | 52,566 | - | - | - | 52,566 | - |
| Debt securities issued | 14 | 1,232,576 | 1,232,576 | 59,890 | 67,500 | 340,918 | 747,267 | 17,000 | 468,308 | 764,267 |
| Borrowings | 15 | 1,780,296 | 1,780,296 | 387,948 | 436,832 | 360,017 | 443,500 | 152,000 | 1,184,796 | 595,500 |
| Subordinated liabilities | 16 | 272,994 | 272,994 | - | - | - | 90,339 | 182,655 | - | 272,994 |
| Other financial liabilities | | 165,535 | 165,535 | 3,589 | 8,201 | 121,255 | 32,490 | - | 133,045 | 32,490 |
| Derivative liabilities | | | | | | | | | | |
| Total | | 3,503,967 | 3,503,967 | 451,427 | 512,533 | 822,190 | 1,313,596 | 351,655 | 1,786,150 | 1,665,251 |
| Market Borrowings | | 2,187,932 | 2,187,932 | 187,904 | 504,332 | 458,435 | 837,606 | 199,655 | 1,150,671 | 1,037,261 |
| Bank borrowings | | 945,934 | 945,934 | 259,934 | - | 242,500 | 443,500 | - | 502,434 | 443,500 |
| Total Borrowings excluding CCCPS | | 3,133,866 | 3,133,866 | 447,838 | 504,332 | 700,935 | 1,281,106 | 199,655 | 1,653,104 | 1,480,761 |
| Financial asset by type | | | | | | | | | | |
| Non-derivative assets | | | | | | | | | | |
| Cash and cash equivalents | 4 | 8,128 | 8,128 | 8,128 | - | - | - | - | 8,128 | - |
| Bank balances | 5 | 4,462 | 4,462 | 4,462 | - | - | - | - | 4,462 | - |
| Receivables | 6 | 6,675 | 6,675 | 6,675 | - | - | - | - | 6,675 | - |
| Loans | 7 | 3,698,664 | 3,698,664 | 265,026 | 779,313 | 847,782 | 1,273,789 | 532,755 | 1,892,120 | 1,806,544 |
| Investments | 8 | 29,472 | 29,472 | - | - | 1,362 | 28,110 | - | 1,362 | 28,110 |
| Other Financial Assets | 9 | 64,666 | 64,666 | - | - | 56,581 | 8,085 | - | 56,581 | 8,085 |
| Derivative assets | | | | | | | | | | |
| Total | | 3,812,067 | 3,812,067 | 284,291 | 779,313 | 905,724 | 1,309,984 | 532,755 | 1,969,328 | 1,842,739 |

31. Financial risk review(continued)

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

| As at April 1, 2017 | Note | 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 | | 44,537 | 44,537 | - | 44,537 | - | - | - | 44,537 | - |
| Debt securities issued | 14 | 1,270,318 | 1,270,318 | 31,790 | 203,280 | 490,010 | 523,238 | 22,000 | 725,080 | 545,238 |
| Borrowings | 15 | 1,311,844 | 1,311,844 | 528,916 | 362,621 | 225,092 | 100,715 | 94,500 | 1,116,629 | 195,215 |
| Subordinated liabilities | 16 | 240,746 | 240,746 | - | - | - | 89,246 | 151,500 | - | 240,746 |
| Other financial liabilities | | 148,720 | 148,720 | 7,148 | 5,723 | 109,003 | 26,845 | - | 121,875 | 26,845 |
| Derivative liabilities | | - | - | - | - | - | - | - | - | - |
| Total | | 3,016,165 | 3,016,165 | 567,855 | 571,624 | 824,106 | 740,044 | 268,000 | 1,963,584 | 1,008,044 |
| Market Borrowings | | 2,124,240 | 2,124,240 | 157,537 | 560,901 | 619,102 | 613,199 | 173,500 | 1,337,541 | 786,699 |
| Bank borrowings | | 604,169 | 604,169 | 403,169 | 5,000 | 96,000 | 100,000 | - | 504,169 | 100,000 |
| Total Borrowings excluding CCCPS | | 2,728,409 | 2,728,409 | 560,706 | 565,901 | 715,102 | 713,199 | 173,500 | 1,841,709 | 886,699 |
| Financial asset by type | | | | | | | | | | |
| Non-derivative assets | | | | | | | | | | |
| Cash and cash equivalents | 4 | 7,337 | 7337 | 7337 | - | - | - | - | 7,337 | - |
| Bank balances | 5 | 3 | 3 | 3 | - | - | - | - | 3 | - |
| Receivables | 6 | 2,001 | 2001 | 2001 | - | - | - | - | 2,001 | - |
| Loans | 7 | 3,228,049 | 3,228,049 | 526,808 | 546,566 | 667,356 | 922,588 | 564,730 | 1,740,731 | 1,487,318 |
| Investments | 8 | 26,409 | 26409 | - | - | 802 | 25,608 | - | 802 | 25,608 |
| Other Financial Assets | 9 | 53,890 | 53890 | - | - | 48,114 | 5,776 | - | 48,114 | 5,776 |
| Derivative assets | | - | - | - | - | - | - | - | - | - |
| Total | | 3,317,689 | 3,317,689 | 536,149 | 546,566 | 716,272 | 953,971 | 564,730 | 1,798,987 | 1,518,702 |

31. Financial risk review(continued)

B. Liquidity risk

iii. Financial assets available to support future funding

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

| ASSETS | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|-----------------------------------|----------------------|----------------|------------------|----------------------|----------------|------------------|---------------------|----------------|------------------|
| | Pledged | Not Pledged | Total | Pledged | Not Pledged | Total | Pledged | Not Pledged | Total |
| Financial assets | | | | | | | | | |
| Cash and cash equivalents | - | 25,163 | 25,163 | - | 8,128 | 8,128 | - | 7,337 | 7,337 |
| Bank Balance other than (a) above | - | 36 | 36 | - | 4,462 | 4,462 | - | 3 | 3 |
| Derivatives financial instruments | - | - | - | - | - | - | - | - | - |
| Trade Receivables | - | 3,454 | 3,454 | - | 6,675 | 6,675 | - | 2,001 | 2,001 |
| Loans | 4,462,397 | - | 4,462,397 | 3,698,664 | - | 3,698,664 | 3,228,049 | - | 3,228,049 |
| Investments | - | 38,032 | 38,032 | - | 29,472 | 29,472 | - | 26,409 | 26,409 |
| Other financial assets | - | 40,045 | 40,045 | - | 64,666 | 64,666 | - | 53,890 | 53,890 |
| Non-financial Assets | | | | | | | | | |
| Current tax asset | - | 8,797 | 8,797 | - | 6,265 | 6,265 | - | 5,818 | 5,818 |
| Deferred tax Assets (Net) | - | 64,324 | 64,324 | - | 62,684 | 62,684 | - | 70,970 | 70,970 |
| Investment property | - | - | - | - | - | - | - | - | - |
| Property, Plant and Equipment | 25 | 91,462 | 91,487 | 26 | 68,974 | 69,000 | 28 | 77,024 | 77,052 |
| Capital work-in-progress | - | 62 | 62 | - | 101 | 101 | - | 518 | 518 |
| Intangible assets under | - | 108 | 108 | - | 39 | 39 | - | 655 | 655 |
| Other Intangible assets | - | 2,179 | 2,179 | - | 2,314 | 2,314 | - | 1,109 | 1,109 |
| Other non-financial assets | - | 47,743 | 47,743 | - | 36,705 | 36,705 | - | 26,216 | 26,216 |
| Total Assets | 4,462,422 | 321,405 | 4,783,827 | 3,698,690 | 290,485 | 3,989,175 | 3,228,077 | 271,950 | 3,500,027 |

iv. Financial assets pledged as collateral

The total financial assets recognised in the statement of financial position that had been pledged as collateral for liabilities at March 31, 2019, March 31, 2018 and April 1, 2017 is shown in the preceding table.

31. Financial risk review(continued)

C. Market risk

i For the definition of market risk and information on how the company manages the market risks of trading and non-trading portfolios, see Note 31(D).

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

Carrying amount

| Carrying amount | Note | Market risk measure | | |
|---|------|---------------------|-------------------|-----------|
| | | As at | As at | As at |
| | | March 31, 2019 | March 31, 2018 | |
| Assets subject to market risk | | | | |
| Receivables | 6 | 3,454 | 6,675 | 2,001 |
| Loans | 7 | 4,462,397 | 3,698,664 | 3,228,049 |
| Investments | 8 | 38,032 | 29,472 | 26,409 |
| Other Financial Assets | 9 | 40,045 | 64,666 | 53,890 |
| Liabilities subject to market risk | | | | |
| Debt securities issued | 14 | 1,609,148 | 1,232,147 | 1,269,788 |
| Borrowings (Other than Debt Securities) | 15 | 2,041,658 | 1,780,252 | 1,311,798 |
| Subordinated liabilities | 16 | 329,760 | 272,040 | 239,777 |
| Other Financial Liabilities | 17 | 148,714 | 165,535 | 148,720 |
| Derivatives held for risk management | 30 | - | 98 | - |

31. Financial risk review(continued)

C. Market risk (continued)

ii Exposure to interest rate risk – Non-trading portfolios (continued)

Company carries out earning adjusted rate (EAR) model analysis for rate sensitive assets and liabilities, to assess the impact on the earnings upon change in the interest rates.

Below table illustrates impact on earnings on account of 100 bps change on in interest rate on the rate sensitive assets and rate sensitive liabilities.

As on March 31, 2019

Amt in Lakh

| Rate sensitive | Less than 1 Year | @ 100bps change increase | @ 100bps change decrease |
|-------------------------------------|------------------|-----------------------------|-----------------------------|
| Rate Sensitive Assets | 3,285,034 | 16,425 | (16,425) |
| Rate Sensitive Liabilities | 2,656,273 | (13,281) | 13,281 |
| Net Gap (Asset - liability) | 628,761 | 3,144 | (3,144) |

As on March 31, 2018

| Rate sensitive | Less than 1 Year | @ 100bps change increase | @ 100bps change decrease |
|-------------------------------------|------------------|-----------------------------|-----------------------------|
| Rate Sensitive Assets | 2,746,629 | 13,733 | (13,733) |
| Rate Sensitive Liabilities | 2,093,941 | (10,470) | 10,470 |
| Net Gap (Asset - liability) | 652,688 | 3,263 | (3,263) |

As on April 01, 2017

| Rate sensitive | Less than 1 Year | @ 100bps change increase | @ 100bps change decrease |
|-------------------------------------|------------------|-----------------------------|-----------------------------|
| Rate Sensitive Assets | 2,400,449 | 12,002 | (12,002) |
| Rate Sensitive Liabilities | 2,102,385 | (10,512) | 10,512 |
| Net Gap (Asset - liability) | 298,063 | 1,490 | (1,490) |

iii. Exposure to currency risks – Non-trading portfolios

There are no exposure to foreign currency risks in the non trading portfolio as on March 31, 2019

31. Financial risk review(continued)

D. Capital management

i Regulatory capital

The Reserve Bank of India (RBI) sets and monitors capital adequacy requirements for the Company from time to time.

The Companies regulatory capital consists of the sum of the following elements.

Tier 1 Capital includes:

- 1) Ordinary share capital,
- 2) Securities premium reserve,
- 3) Retained earnings,
- 4) Cumulative compulsorily convertible preference Shares (CCCPS),
- 5) Debenture redemption reserve
- 6) Perpetual debt
- 7) Special reserve
- 8) Retained earnings
- 9) Special reserve.
- 10) General reserve

Tier 1 Capital does not include unrealised fair value gain/loss booked for financial instruments measured at fair value through profit and loss statement and shares option outstanding account

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 and stage 2 financial assets to the extent the same does not exceed 1.25% of Risk weighted assets,
- 3) perpetual debt to the extent not eligible for Tier I.

31. Financial risk review(continued)

D. Capital management

i Regulatory capital

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|----------------------------|----------------------------|---------------------------|
| | IND AS | IGAAP | IGAAP |
| Tier 1 capital | | | |
| Ordinary share capital | 137,556 | 129,755 | 129,755 |
| Securities premium reserve | 146,648 | 88,805 | 88,865 |
| Retained earnings | 36,289 | 60,176 | 37,538 |
| cummulative compulsorily convertible preference Shares (CCCPS), | 188,900 | 152,000 | 94,500 |
| debenture redemption reserve | 30,000 | 30,000 | 30,000 |
| perpetual debt | 74,573 | 59,709 | 53,852 |
| special reserve | 46,982 | 35,402 | 25,750 |
| general reserve | 429 | - | - |
| Less | | | |
| -Deferred Revenue Expenditure | 21,079 | 18,770 | 16,954 |
| -Goodwill & Software | 2,287 | 2,353 | 1,764 |
| -Deferred Tax Asset | 64,324 | 37,568 | 43,483 |
| Tier I Capital | 573,688 | 497,156 | 398,059 |
| Subordinate Debt | 148,640 | 109,439 | 127,198 |
| Standard Asset prov'n | 58,411 | 15,255 | 11,591 |
| Perpetual debt | 17,227 | 32,091 | 61,488 |
| Tier II Capital | 224,277 | 156,785 | 144,937 |
| Tier I + Tier II Capital | 797,965 | 653,941 | 542,996 |

The Company has complied with the minimum stipulated capital requirement for Tier I and Tier II.

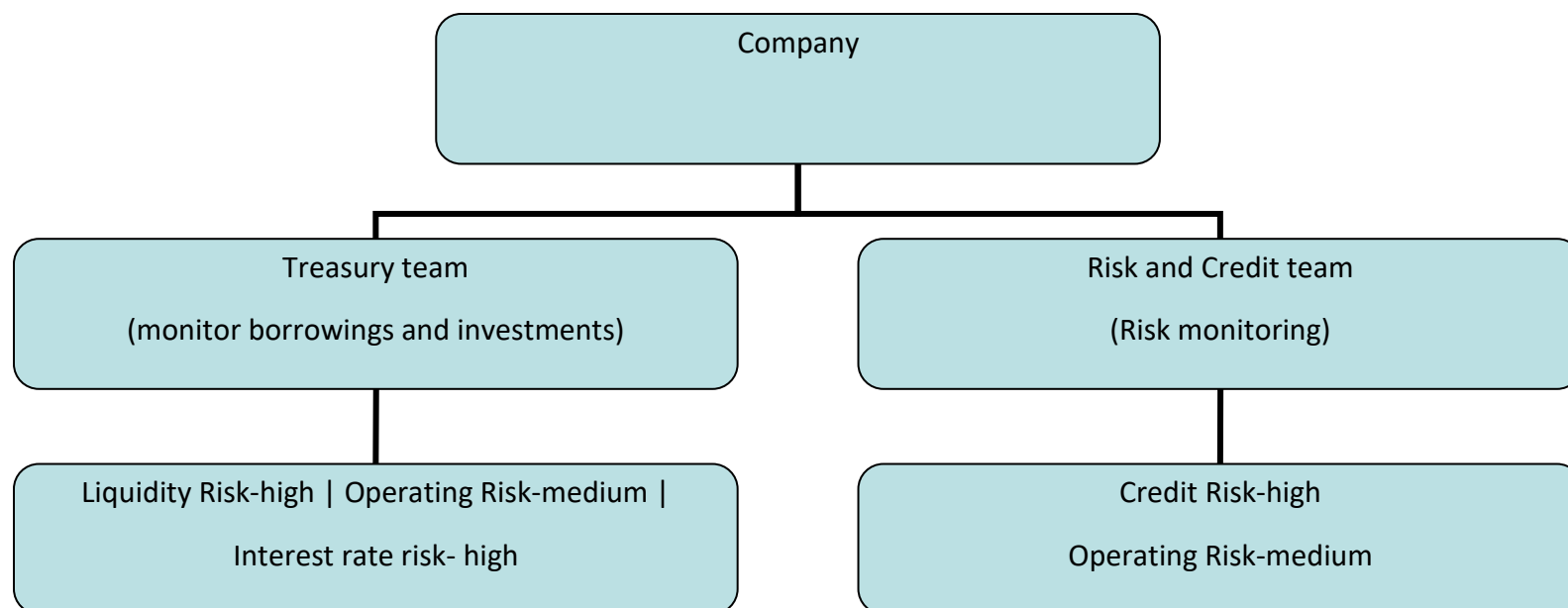
The Board of Directors (BOD) has authorised the Asset and Liability Management Committee (ALCO) to review the Capital requirement. Treasury team closely monitors the Tier I and Tier II capital requirement of the Company and reports to ALCO. The Company endeavour to maintain a balance between ensuring high level of return on capital employed and securing strong capital base.

32. Financial risk management

A. Introduction and overview;

Financial instruments of the Company has to credit risk, liquidity risk, market risks and operational risk.

1. The following chart provides a link between the Company's business units and the principal risks that they are exposed to:



2. Company's Risk Management framework for measuring and managing risk:

i. Risk management framework:

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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

- a) Asset and Liability Committee (ALCO): Review of the Asset and Liability position, liquidity risk and market risk of the Company.
- b) Risk Management Committee: Review of the credit risk, operational risk and fraud risk management of the Company. Operational risk management committee(ORMC) reviews operational risk as per the Operational risk management framework. Fraud risk management committee (FRMC) reviews matters of frauds committed by employee, customer and vendors.
- c) Investment Committee (IC)and Credit Committee(CC): Review of the investment and credit proposal of the Company and oversight of credit risk. A separate Managing Credit Committee(MCC) reports to the Credit Committee, is responsible for managing the credit risk of the Company.

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

Sources of risk which the Company is exposed to and how the same is managed is illustrated in the table below:

| Risk | Exposure arising from | Measurement | Management |
|--------------------------------|--|--|--|
| Credit risk | Financial asset measured at amortised cost. Trade receivable and derivative financial instrument. | Review of ageing analysis and credit rating of the customer. Annual review of the Customer account as per the Credit monitoring policy of the company. | Granularity of portfolio, product, ticket size, collateral and customer segment. |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed bank lines and borrowing facilities |
| Market risk – foreign exchange | Payable in foreign currency for purchase of Assets given on operating lease Recognised financial assets and liabilities not denominated in Indian rupee (INR) | Cash flow forecasting and sensitivity analysis | Forward foreign exchange contracts. |
| Market risk – interest rate | Long-term borrowings at variable rates | Sensitivity analysis for rate sensitive assets and liabilities | Managing the borrowing mix between market and bank borrowing. |
| Market risk – security prices | Investments in equity securities | Sensitivity analysis | Portfolio diversification |

The Company's Credit risk and market risk management for lending business is carried out by the Credit and Risk management team and the liquidity and market risk management for the sources of funds is carried out by a treasury department as per the policies approved by the board of directors. Treasury identifies, evaluates and mitigates financial risks in close co-operation with the Company's operating units. ALCO provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, use of derivative financial instruments and investment of excess liquidity.

3) The Risk management approach of the Company for handling the various type of risks are as follows:

A) Credit risk;

i) means the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to us. In its lending operations, the Company is principally exposed to credit risk.

ii. Management of Credit risk:

The credit risk is governed by the credit policy approved by the Investment and Credit Committee. The credit policy outlines the type of products that can be offered, customer categories, the targeted customer profile, credit approval process and limits and credit monitoring.

The Company measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level. The Company has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Credit monitoring team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities and monitors deferral of the security perfection. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

The Company has additionally taken the following measures for risk management;

1) single party and group borrower limit.

- 2) limit on secured and unsecured exposure for Commercial and SME finance division and at Company level.
- 3) establishment of a separate credit monitoring team to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required.
- 4) enhanced monitoring of retail product portfolios through periodic reviews.

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

iii Governance framework of the company:

The role of the Managing Credit Committee encompasses the following activities:

- a) formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, setting and adherence to internal and regulatory threshold limits and compliance with regulatory and statutory requirements;
- b) establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Investment Committee (IC) and Credit Committee (CC) approves loan and investment proposal above threshold limit as per the credit policy. Review and assessment of credit risk is done by the Credit Team. Risk team lays down policies for risk management;
- c) Renewal and review of the facility is subject to the same review process;
- d) Limiting concentration of exposure to counterparty, geography and industry for loans and advances;
- e) Developing and maintaining the Company's risk grading to categorise exposures according to the degree of risk of default. The current risk grading framework of the company for Commercial and SME finance division (CSFD) is based on the 10 grades of internal rating reflecting varying degrees of risk of default.

The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Risk Management Committee;

The below table illustrates the varying degrees of risk of default associated within the respective risk grades for CSFD:

| Internal rating grades | Description of risk | Definition of risk associated with each risk grade |
|-------------------------------|---|--|
| TC1-TC4 | Adequate to highest level of safety of payments | Adequate to highest level of safety of payment. Customer with highest level of safety are unlikely to be effected by change in circumstances, while customer with adequate safety are likely to be adversely by change in the circumstances. |
| TC5-TC6 | Moderate level of safety of payments | Moderate level of safety of payment. Change in circumstances will lead to weakened capacity to repay interest and principal. |
| TC7 | Inadequate level of safety of payments | Inadequate level of safety of payment. Circumstances currently faced could lead to inadequate capacity to repay interest and principal. |
| TC8-TC9 | greater susceptibility to default | TC8: greater susceptibility to default of payment. Adverse conditions can lead to lack of ability or willingness to pay. TC9: vulnerable to default of payment. Timely payment of principal and interest only favourable conditions continue. |
| TC10 | Customer defaulter or expected to default | TC10: Customer are in default or expected to default on maturity of payment. Investments are speculative and returns only if the customer account is re-organised or liquidated. |

| | | |
|---------|--------------------------|--|
| Unrated | No ratings are available | Customer ratings are not available. Customer profile assessment is made on other parameters like income generation capacity, net-worth and past repayment records. |
|---------|--------------------------|--|

f) Developing and maintaining the Company's processes for measuring ECL for CSFD and CFAB division for managing the following requirements:

- 1) initial approval, regular validation and back-testing of the models used;
- 2) incorporation of forward-looking information;
- 3) Reviewing compliance of business units with agreed exposure limits to products, state and sector;
- 4) Regular reports on the credit quality of product portfolio are provided to Credit Committee, which may require appropriate corrective action to be taken;
- 5) These include reports containing inputs, estimates and techniques of ECL allowances; and
- 6) Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.
- 7) Assess criteria of staging of the assets under qualitative parameters.

Each business unit is required to implement Company's credit policies and procedures, with credit approval authorities delegated from the Credit Committee. Each business unit has a Chief Credit Risk Officer who reports on all credit-related matters to Credit Committee and Chief Risk officer. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to approval of Credit Committee. Regular audits of business units and credit processes are undertaken by Internal Audit.

iv. Credit Risk assessment methodology:

a) Credit management for Corporate Portfolio:

The Company has an established credit analysis procedure leading to appropriate identification of credit risk. Appropriate appraisals have been established for various types of products and businesses. The methodology involves critical assessment of quantitative and qualitative parameters subject to review and approval of Credit Committee.

The Company carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. A significant portion of Corporate Finance loans are secured by a lien over appropriate assets of the borrower.

Evaluation of Borrower risk is based on the following assessment:

- 1) the risks and prospects associated with the industry in which the borrower is operating (industry risk);
- 2) the financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- 3) the borrower's relative market position and operating efficiency (business risk);
- 4) the quality of management by analysing their track record, payment record and financial conservatism (management risk); and
- 5) the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project. (project risk).

Risk management and portfolio review:

The Company ensure effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances. The credit monitoring team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities. The credit monitoring team/operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and insurance policies for assets financed. The Managing Credit Committee (MCC), apart from approving proposals, regularly reviews the credit quality of

the portfolio and various sub-portfolios. A summary of the reviews carried out by the MCC is submitted to the Credit Committee for its information.

b) Credit management for Retail portfolio:

The Company ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances. The credit team verifies adherence to the terms of the credit approval prior to the disbursement of credit facility. It also reviews the completeness of documentation, creation of security and insurance policies for assets financed. The credit team approves the proposals while the risk team regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the risk team is submitted to the Risk management committee.

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 parameters to ensure the solvency while optimising the return on risk.

The market risk in respect of changes in value in financial assets arising from changes in market credit spreads applied to loans are monitored by the market risk officer.

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

Exposure to Market Risk:

Interest rate risk:

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

Interest rate risk is measured through earnings at risk from an earning perspective. The Company monitors the change in economic value of equity arising out of 100 bps change in the interest rate. Further, an interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to earliest of contracted/behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The Company monitor interest rate risk through above measures on a monthly basis. The interest rate risk limits are approved by the ALCO.

C. Liquidity risk;

A risk that the Company will encounter difficulty in meeting its day to day financial obligations.

Management of liquidity risk is done as follows;

- i. ALCO sets the strategy for managing liquidity risk commensurate with the business objectives;
- ii. ALCO has delegated the responsibility of managing overall liquidity risk and interest rate risk management to Treasury.
- iii. Treasury department manages the liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Company. Treasury team ensures the regulatory compliance to the liquidity risk related limits approved in the ALM policy by ALCO.
- iv. The Company's approach to managing liquidity is to ensure sufficient liquidity to meet its liabilities when they are due without incurring unacceptable losses or risking damage to the Company's reputation.

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

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

D. Operational Risk;

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

The Company has a Board approved Operational Risk Management (ORM) framework. Ongoing monitoring of key risk indicators ("KRI") is done and corrective actions are implemented on KRI exceptions. ORMC meets periodically to review the operational risk profile of the organisation.

Risks associated with frauds are mitigated through a Fraud Risk Management (FRM) framework. FRMC reviews matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

Tata Capital has adopted "Framework for Improving Critical Infrastructure Cyber Security" published by the National Institute of Standards & Technology (NIST) and comply with regulatory guidelines. Various measures are adopted to effectively protect against phishing, social media threats and rogue mobile.

33. Operating segments -Basis for segmentation

See accounting policy in Note 2(i)

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

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

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

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

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

34. Operating segments - Information about reportable segments

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

| (Rs. in lakh) | | |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Particulars | For the Year Ended March 31, 2019 | For the Year Ended March 31, 2018 |
| Segment Revenue | | |
| a) Financing Activity | 489,767 | 402,173 |
| b) Investment Activity | 29,097 | 249 |
| c) Others | 39,701 | 32,083 |
| Total | 558,565 | 434,505 |
| Less : Inter Segment Revenue | - | - |
| Add : Interest on Income Tax Refund | 1 | 307 |
| Total Income | 558,566 | 434,812 |
| Segment Results | | |
| a) Financing Activity | 67,199 | 81,685 |
| b) Investment Activity | 20,424 | (1,568) |
| c) Others | 4,946 | 3,290 |
| Total | 92,569 | 83,407 |
| Less : Unallocated Corporate Expenses | 27,208 | 14,869 |
| Profit before taxation | 65,361 | 68,538 |
| Less : Provision for taxation | 21,651 | 28,249 |
| Profit after taxation | 43,710 | 40,289 |

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|----------------------------|----------------------|----------------------|----------------------|
| Segment Assets | | | |
| a) Financing Activity | 4,530,213 | 3,782,034 | 3,293,322 |
| b) Investment Activity | 38,043 | 29,313 | 26,421 |
| c) Others | 123,079 | 89,462 | 81,884 |
| d) Unallocated | 92,492 | 88,366 | 98,400 |
| Total | 4,783,827 | 3,989,175 | 3,500,027 |
| Segment Liabilities | | | |
| a) Financing Activity | 4,224,147 | 3,585,764 | 3,147,207 |
| b) Investment Activity | - | - | - |
| c) Others | 123,613 | 90,056 | 80,344 |
| d) Unallocated | 31,704 | 18,184 | 13,027 |
| Total | 4,379,464 | 3,694,004 | 3,240,578 |

| Particulars | For the Year Ended March 31, 2019 | For the Year Ended March 31, 2018 |
|---|-----------------------------------|-----------------------------------|
| Capital Expenditure (Including Capital Work-In-Progress) | | |
| a) Financing Activity | - | - |
| b) Investment Activity | - | - |
| c) Others | 53,438 | 27,391 |
| d) Unallocated | 2,325 | 3,446 |
| Total | 55,763 | 30,837 |
| Depreciation and Amortisation | | |
| a) Financing Activity | 606 | 647 |
| b) Investment Activity | - | - |
| c) Others | 24,859 | 21,292 |
| d) Unallocated | 1,957 | 1,698 |
| Total | 27,422 | 23,637 |

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

| | |
|---|---|
| Ultimate Holding Company | Tata Sons Private Limited (formerly known as Tata Sons Limited) |
| Holding Company | Tata Capital Limited |
| Fellow Subsidiaries (with which the company had transactions) | Tata Capital Housing Finance Limited Tata Securities Limited Tata Cleantech Capital Limited Tata Capital Pte. Limited Tata Capital Advisors Pte Limited Tata Capital Markets Pte Limited Tata Capital General Partners LLP Tata Capital Healthcare General Partners LLP Tata Opportunities General Partners LLP Tata Capital Plc TC Travel and Services Limited (ceased w.e.f. 30.10.2017) Tata Capital Forex Limited (ceased w.e.f. 30.10.2017) |
| Associates and Fellow Associates (with which the company had transactions) | International Asset Reconstruction Company Private Limited (Ceased w.e.f 08.03.2018) Shriram Properties Private Limited TVS Supply Chain Solutions Limited Fincare Business Services Limited Varroc Engineering Limited (ceased w.e.f. 06.07.2018) Roots Corporation Limited Kapsons Industries Limited Tata Projects Tata Technologies Limited |
| Plans | Tata Capital Limited Gratuity Scheme Tata Capital Limited Employees Provident Fund Trust Tata Capital Limited Employee Welfare Trust Tata Capital Limited Superannuation Scheme |
| Subsidiaries, Associates and Joint Venture of ultimate holding company (with which the company had transactions) | Conneqt Business Solutions Limited Tata Consultancy Services Limited Tata AIG General Insurance Company Limited Tata AIA Life Insurance Company Limited Infiniti Retail Limited Calsea Footwear Private Limited Tata Autocomp Systems Limited Automotive Stampings and Assemblies Limited Tata Toyo Radiator Limited (ceased to be a joint venture and became a subsidiary w.e.f. 01.07.2018) Tata Advanced Systems Limited Tata Lockheed Martin Aerostructures Limited Tata Sikorsky Aerospace Limited Tata Boeing Aerospace Limited Tata Asset Management Limited Tata Industries Limited (ceased to be subsidiary and became a joint venture w.e.f. 27.03.2019) Tata Teleservices Limited Tata Teleservices (Maharashtra) Limited MMP Mobi Wallet Payment Systems Limited Tata Housing Development Company Limited Smart Value Homes (Peenya Project) Private Limited Sector 113 Gatevida Developers Private Limited Taj Air Limited Inshaallah Investments Limited Niskalp Infrastructure Services Limited AirAsia (India) Limited Coastal Gujarat Power Limited Concorde Motors (India) Limited Industrial Energy Limited Jamshedpur Utilities & Services Co. Limited Maithon Power Limited Nelco Limited Powerlinks Transmission Limited Sir Ratan Tata Trust Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited) Tata Communications Limited (Ceased to be an associate and became a subsidiary w.e.f. 28.05.2018) Tata Communications Transformation Services Limited |

| | |
|--------------------------|--|
| | Tata International DLT Private Limited Tata Metaliks Limited Tata Motors Finance Limited Tata Motors Limited Tata Power Solar Systems Limited Tata Power Trading Company Limited Tata Precision Industries (I) Limited Tata Steel Limited Tayo Rolls Limited The Associated Building Company Limited The Indian Hotels Company Limited TP Ajmer Distribution Limited Voltas Limited Fiora Hypermarket Limited Piem Hotels Limited Tata Elxsi Limited Tata Power Delhi Distribution Limited Titan Company Limited Trent Limited United Hotels Limited Tata Global Beverages Limited |
| Key Management Personnel | Mr. Rajiv Sabharwal (Director) Mr. F.N. Subedar (Director) Mr. Mukund S. Dharmadhikari (Director) Ms. Anuradha E. Thakur (Director) Mr. Kusal Roy (Managing Director) Mr. Praveen P. Kadle (Managing Director and CEO - ceased to be a KMP w.e.f. April 1, 2018) Mr. Puneet Sharma (Chief Financial Officer) Ms. Avan Doomasia (Company Secretary) |

B) Transactions with Related Parties

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---------------------------|---|--|---|--|
| 1 | Tata Sons Private Limited | a) Expenses - Brand Equity and Business Promotion - Rent - Other charges b) Income - Interest Income c) Asset - Security deposit receivable - Security deposit refund received - Finance Lease Repaid during year Outstanding facility - Balance receivable* d) Liability - Balance Payable e) Commitments - Off balance sheet exposure | 1,503 - 25 5 - - 9 40 0 1,503 30 | 1,243 29 51 6 - 12 8 50 5 1,243 30 | - - - - 12 - - 58 16 1,171 32 |
| 2 | Tata Capital Limited | a) Expenses - Interest Expenses on Inter-Corporate Deposit - Interest Expenses on debentures - Marketing & managerial service fee - Rent - Other Expenses b) Income - Preference share arranger fees - Recovery of Expenses - Rent and others - F/A transfer* c) Amount raised by issue of Perpetual Non-Convertible debentures d) Amount raised by issue of Compulsory Convertible Cumulative Preference Shares e) Conversion of Convertible Preference Shares into Equity Shares f) Interim dividend paid - Equity Shares - Preference Shares g) Inter-Corporate Deposit accepted / repaid - Inter-Corporate Deposit received - Inter-Corporate Deposit repaid h) Security Deposit accepted / repaid - Security deposit given - Security deposit received i) Asset - Security Deposit Receivable - Balance Receivable j) Liability - Inter-Corporate Deposit Payable # - Perpetual Non-Convertible debentures - Balance Payable - Equity shares held | 4,954 1,113 3,496 949 82 113 22 - - 102,500 65,600 - 11,741 752,235 780,293 - - 5,847 - 5,726 12,500 330 137,556 | 6,747 89 2,657 1,036 111 515 41 0 12,500 57,500 - 4,541 8,726 463,617 474,662 5,849 4,667 33,784 12,500 374 129,755 | - - - - - - - - - - - - - - 4,665 61 44,829 5,000 - 129,755 |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|--------------------------------------|--|--|--|--|
| 3 | Tata Capital Housing Finance Limited | a) Expenses - Rent & others b) Income - Loan Sourcing Fee - Reimbursement of Rent & Others c) Fixed Asset - Fixed Asset Purchased* - Fixed Asset Sold d) Asset - Balance Receivable | 52 14 1,060 - - 298 | 33 - 988 0 25 121 | - - - - - 235 |
| 4 | Tata Securities Limited | a) Expenses - Professional Fees b) Income - Recovery of Expenses - Rent and others c) Fixed Asset - Fixed Asset Purchased d) Asset - Balance Receivable | 30 47 1 5 | 21 49 1 1 | - - - 28 |
| 5 | Tata Cleantech Capital Limited | a) Expenses - Rent & others b) Income - Recovery of Expenses - Rent and others c) Fixed Asset - Fixed Asset Purchased d) Asset - Balance Receivable | 19 98 - 9 | 23 136 1 6 | - - - 16 |
| 6 | Tata Capital Pte. Limited | a) Income - Income- SLA fees - Reimbursement of Expenses b) Asset Balance Receivable | 13 - 13 | 13 10 13 | - - 13 |
| 7 | Tata Capital Advisors Pte Limited | a) Income - Income- SLA fees - Reimbursement of Expenses b) Asset Balance Receivable | 7 - 7 | 7 3 7 | - - 7 |
| 8 | Tata Capital Markets Pte Limited | a) Income - Income- SLA fees - Reimbursement of Expenses b) Asset Balance Receivable | 7 - 7 | 7 3 7 | - - 7 |
| 9 | Tata Capital General Partners LLP | a) Income - Income- SLA fees* - Reimbursement of Expenses b) Asset Balance Receivable* | 0 - 0 | 0 1 0 | - - 0 |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|--|---|---|---|---|
| 10 | Tata Capital Healthcare General Partners LLP | a) Income - Income- SLA fees* - Reimbursement of Expenses b) Asset Balance Receivable* | 0 - 0 | 0 1 0 | - - 0 |
| 11 | Tata Opportunities General Partners LLP | a) Income - Income- SLA fees* - Reimbursement of Expenses b) Asset Balance Receivable* | 0 - 0 | 0 1 0 | - - 0 |
| 12 | Tata Capital Plc | a) Income - Income- SLA fees - Reimbursement of Expenses b) Asset Balance Receivable | 7 - 7 | 7 3 7 | - - 7 |
| 13 | TC Travel and Services Limited | a) Expenses - Travel related services b) Income - Reimbursement of Rent & Others c) Asset - Balance Receivable | - - - | 492 55 - | - - 264 |
| 14 | Tata Capital Forex Limited | a) Expenses - Travel related services b) Income - Reimbursement of Rent & Others c) Asset - Balance Receivable | - - - | 4 63 - | - - 38 |
| 15 | International Asset Reconstruction Company Private Limited (Ceased w.e.f 08.03.2018) | a) Asset - Security Receipts Redemption of Security Receipts during the year Balance of Security Receipts - Investment in Equity Shares Balance in Equity Shares | - - - | 304 - - | - 748 3,313 |
| 16 | Shriram Properties Private Limited | a) Asset - Investment in Equity Shares - Provision for Diminution in value of Investment | 3,935 (585) | 3,935 (585) | 3,935 - |
| 17 | TVS Supply Chain Solutions Limited | a) Income - Dividend received - Interest Income - Bill Discounting - Processing Fees b) Asset - Term Loan Loan given during the period Loan repaid during the period Loan balance - Balance Receivables - Investment in Equity Shares c) Commitments - Off balance sheet exposure | 3 416 5 15 4,220 833 5,678 105 1,465 1,040 | - 296 4 - 2,500 2,308 2,292 77 1,465 726 | - - - - - - 2,100 94 1,465 906 |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|------------------------------------|---|--|--|---|
| 18 | Varroc Engineering Private Limited | a) Income - Dividend received b) Asset - Investment in Equity Shares | - - | 8 2,521 | - 2,521 |
| 19 | Fincare Business Services Limited | a) Asset - Investment in Equity Shares | 734 | 660 | 660 |
| 20 | Roots Corporation Limited | a) Expenses - Travelling Exp* | - | 0 | - |
| 21 | Kapsons Industries Limited | a) Income - Interest Income b) Assets - Term Loan Loan repaid during the period Loan balance NPA Provision - Balance Receivable | - - - - - | 8 1,352 - - - - | - - 1,352 (25) 2 |
| 22 | Tata Projects | a) Income - Interest Income - Lease Rental b) Assets - Finance Lease Finance Lease given Finance Lease repayment received Finance Lease receivable - Balance Receivable c) Liability - Security Deposit Security Deposit received Security Deposit payable d) Commitments - Off balance sheet exposure | 99 1,716 802 122 680 18 337 492 10,982 | - 1,234 - - - 174 105 155 - | - - - - - 63 - 50 - |
| 23 | Tata Technologies Limited | a) Income - Interest Income - Reimbursement of expenses b) Expenses - IT Expenses c) Assets - Finance Lease Finance Lease given Finance Lease repayment received Finance Lease balance receivable - Balance Receivable d) Liability - Balance Payable e) Commitments - Off balance sheet exposure | 12 - 47 24 15 82 11 - 349 | 7 1 77 89 16 73 11 8 393 | - - - - - 23 - - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---|---|--|---|--|
| 24 | Tata Autocomp Systems Limited | a) Income - Operating Lease Rentals - Processing fees b) Liability - Security deposit received during period - Security deposit payable c) Asset - Balance receivable d) Commitments - Off balance sheet exposure | 21 45 326 326 7 350 | - - - - - - | - - - - - |
| 25 | Tata Capital Limited Gratuity Scheme | a) Contribution to Gratuity fund | 414 | - | - |
| 26 | Tata Capital Limited Employees Provident Fund | a) Contribution to Provident Fund | 1,339 | 1,189 | - |
| 27 | Tata Capital Limited Employee Welfare Trust | a) Asset - Loan repaid - Outstanding loan - Balance Receivable | 1,016 6,286 30 | - 7,302 - | - 7,302 - |
| 28 | Tata Capital Limited Superannuation Scheme | a) Asset - Balance Receivable | 1 | - | 1 |
| 29 | Conneqt Business Solutions Limited | a) Expenses - Service Provider Charges b) Income - Interest Income - Lease Rental - Sale of Fixed Assets - Reimbursement of Expenses c) Asset - Loan given - Loan repaid - Outstanding loan - Balance receivable d) Liability - Security Deposit - Balance Payable e) Commitments - Off balance sheet exposure | 4,869 240 410 29 190 - 2,140 1,042 216 37 1,889 - | 5,380 168 528 - 170 2,409 462 3,183 163 37 1,293 2,269 | - - - - - - 1,236 122 37 896 - |
| 30 | Tata Consultancy Services Limited | a) Expenses - Information technology Expenses b) Income - Interest Income c) Asset - Fixed Assets Purchased - Finance Lease Facility given Repaid during year Outstanding facility - Balance Receivable d) Liability - Balance Payable e) Commitments - Off balance sheet exposure | 5,773 37 - 38 29 220 38 1,902 1,542 | 5,511 16 8 217 6 211 - 1,620 2,087 | - - - - - - 1,330 - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|--|--|--------------------------|-------------------------------|-----------------------|
| 31 | Tata AIG General Insurance Company Limited | a) Expenses - Insurance Expenses | 14 | 6 | - |
| | | b) Income - Insurance related revenue | 857 | 541 | - |
| | | c) Assets - Balance Receivable | 165 | 511 | 70 |
| 32 | Tata AIA Life Insurance Company Limited | a) Expenses - Insurance Expenses | 37 | 36 | - |
| | | b) Income - Insurance related revenue | 69 | 52 | - |
| | | c) Assets - Balance Receivable | 59 | 36 | 35 |
| 33 | Infiniti Retail Limited | a) Expenses - NSR Payment - DMA Commission - Commission on Cards and Gift Cards - Purchase of Fixed Assets | 1,243 167 101 1 | 771 - 133 1 | - - - - |
| | | b) Income - Operating Lease Rentals - Processing fees | 211 - | 210 2 | - - |
| | | c) Liability - Security deposit payable - Balance payable | 75 - | 75 11 | 74 - |
| | | d) Asset - Balance Receivable | 1 | - | 1 |
| 34 | Calsea Footwear Private Limited | a) Income - Interest income on Inter-Corporate Deposit | 110 | 141 | - |
| | | b) Asset - ICD given - ICD repaid - Outstanding Inter-Corporate Deposit # - Interest receivable | - 1,500 - - | 1,500 1,300 1,500 38 | - - 1,300 35 |
| 35 | Tata International DLT Private Limited | a) Income - Interest Income | 55 | 64 | - |
| | | b) Assets - Loan given - Loan repaid - Outstanding loan - Balance Receivable | - 200 425 1 | 500 175 625 2 | - - 300 1 |
| 36 | Tata Precision Industries (I) Limited | a) Income - Interest Income | 10 | 11 | - |
| | | b) Assets - Loan repaid - Outstanding loan - Balance Receivable* | 23 68 0 | - 90 0 | - 90 0 |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---|--|---------------------------------------|---|---|
| 37 | Automotive Stampings and Assemblies Limited | a) Income <ul style="list-style-type: none"> - Team Loan - Interest - Operating Lease Rentals - Processing fees b) Asset <ul style="list-style-type: none"> - Loan given - Loan repaid - Outstanding loan - Outstanding loan # - Balance receivable c) Liability <ul style="list-style-type: none"> - Balance in escrow account d) Commitments - Off balance sheet exposure | 476 62 8 709 | 242 62 6 4,900 3,950 1,184 1,400 16 35 1,100 | - - - - - 1,634 - 2 - - - |
| 38 | Tata Toyo Radiator Limited (ceased to be a joint venture and became a subsidiary w.e.f. 01.07.2018) | a) Income <ul style="list-style-type: none"> - Operating Lease Rentals - Processing fees b) Liability <ul style="list-style-type: none"> - Security deposit payable c) Asset <ul style="list-style-type: none"> - Balance receivable | 144 14 490 1 | - - - - - | - - - - - |
| 39 | Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp) | a) Income <ul style="list-style-type: none"> - Interest Income Trade Advance - Processing Fees b) Assets <ul style="list-style-type: none"> - Trade Advance # c) Commitments - Off balance sheet exposure | 37 - 501 500 | 9 3 1,001 - | - - 837 - |
| 40 | Tata Advanced Systems Limited | a) Income <ul style="list-style-type: none"> - Interest Income b) Asset <ul style="list-style-type: none"> - Facility given - Repaid during year - Outstanding facility - Balance receivable* c) Commitments - Off balance sheet exposure | 12 85 11 128 2 122 | 7 33 16 52 2 351 | - - - 35 0 396 |
| 41 | Tata Lockheed Martin Aerostructures Limited | a) Income <ul style="list-style-type: none"> - Interest Income b) Asset <ul style="list-style-type: none"> - Facility given - Repaid during year - Outstanding facility - Balance receivable* | 5 70 13 61 1 | 1 - 2 4 0 | - - - 6 6 |
| 42 | Tata Sikorsky Aerospace Limited | a) Income <ul style="list-style-type: none"> - Interest Income b) Asset <ul style="list-style-type: none"> - Facility given - Repaid during year - Outstanding facility - Balance receivable* | 1 8 1 7 0 | - - - - - | - - - - - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---|--|--|---|--|
| 43 | Tata Boeing Aerospace Limited | a) Income - Interest Income* | 0 | - | - |
| | | b) Asset - Facility given - Repaid during year - Outstanding facility - Balance receivable* | 6 0 6 0 | - - - - | - - - - |
| 44 | Tata Asset Management Limited | a) Income - Portfolio Management Service | 18 | 17 | - |
| | | b) Asset - Balance receivable | - | - | 3 |
| 45 | Tata Industries Limited (ceased to be subsidiary and became a joint venture w.e.f. | a) Expenses - Professional Fees | - | 22 | - |
| | | b) Income - Interest Income - Recovery of Expenses* | 413 0 | 1,167 - | - - |
| | | c) Asset - Facility given - Repaid during year - Outstanding facility - Balance receivable* | 20 46 178 76 | 13 155 216 119 | - - 358 7 |
| | | d) Liability - Balance Payable | - | - | 248 |
| | | e) Commitments - Off balance sheet exposure | 1,876 | 933 | 1,149 |
| 46 | Tata Teleservices Limited | a) Expenses - Communication Expenses - Rent and other Expenses | 95 92 | 111 25 | - - |
| | | b) Income - Interest Income - Operating Lease Rentals | 48 165 | 148 600 | - - |
| | | c) Asset - Facility given - Repaid during year - Outstanding facility - Balance receivable - Security Deposit receivable - Investment in equity shares - Balance equity shares - Provision for diminution in value | 21 495 151 6 8 14,318 (14,318) | 145 854 625 - 8 14,318 (14,318) | - - 1,333 38 8 14,318 (14,318) |
| | | d) Liability - Balance payable | - | 43 | - |
| | | e) Commitments - Off balance sheet exposure | 4 | 22 | 976 |
| 47 | Tata Teleservices (Maharashtra) Limited | a) Expenses - Communication Expenses | 205 | 277 | - |
| | | b) Income - Operating Lease Rentals | 12 | 71 | - |
| | | c) Liability - Balance Payable* | 0 | 10 | - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|--|--|---------|---------|---------|
| 48 | MMP Mobi Wallet Payment Systems Limited | a) Income - Operating Lease Rentals | - | 4 | - |
| | | b) Expenses Staff welfare Expenses | - | 8 | - |
| 49 | Tata Housing Development Company Limited | a) Income - Referral Fee | - | 5 | - |
| | | b) Asset - Balance Receivable | - | - | 14 |
| 50 | Smart Value Homes (Peenya Project) Private Limited | a) Income - Referral Fee | 1 | - | - |
| 51 | Sector 113 Gatevida Developers Private Limited | a) Income - Referral Fee | - | 8 | - |
| 52 | Taj Air Limited | a) Income - Interest Income | - | 29 | - |
| | | b) Asset - Loan given | - | 6,000 | - |
| | | - Loan Repaid during year | - | - | 3,500 |
| | | - Loan Balance | - | - | 2,500 |
| | | - Loan Balance # | - | - | 39 |
| | | - Balance receivable | - | - | - |
| 53 | Niskalp Infrastructure Services Limited | a) Income - Rent and others* | 0 | - | - |
| 54 | Inshaallah Investments Limited | a) Income - Rent and others* | - | 0 | - |
| 55 | AirAsia (India) Limited | a) Income - Interest Income | 358 | - | - |
| | | - Processing Fees | 50 | - | - |
| | | b) Assets - Loan given | 10,000 | - | - |
| | | - Loan Balance | 10,000 | - | - |
| | | - Balance Receivable | 80 | - | - |
| 56 | Coastal Gujarat Power Limited | a) Income - Interest Income | 2,037 | 29 | - |
| | | - Processing Fees | 83 | - | - |
| | | b) Assets - Loan given | 32,560 | 304 | - |
| | | - Loan repayment received | 5 | 882 | - |
| | | - Loan Balance | 66 | 12 | 590 |
| | | - Loan Balance# | 32,500 | - | - |
| | | - Balance Receivable | 18 | 10 | 268 |
| 57 | TP Ajmer Distribution Limited | a) Income - Interest Income* | 3 | 0 | - |
| | | b) Assets - Loan given | 16 | 5 | - |
| | | - Loan repayment received * | 4 | 0 | - |
| | | - Loan Balance | 17 | 5 | - |
| | | - Balance Receivable* | 0 | 5 | - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---------------------------------------|--|--|---|---|
| 58 | Industrial Energy Limited | a) Income - Interest Income b) Assets - Loan given - Loan repayment received - Loan Balance - Balance Receivable* | 2 35 1 33 0 | - - - - - | - - - - - |
| 59 | Maithon Power Limited | a) Income - Interest Income - Processing Fees b) Assets - Loan given - Loan repayment received - Loan Balance | 1 1 21 1 20 | 1 - - 41 - | - - - - 41 |
| 60 | Nelco Limited | a) Income - Interest Income - Processing Fees b) Assets - Loan given - Loan repayment received - Loan Balance - Loan Balance # - Balance Receivable * c) Commitments - Off balance sheet exposure | 2 - 12 7 16 - 0 418 | 158 8 1,211 2,544 11 - 1 433 | - - - - 40 1,303 4 448 |
| 61 | Powerlinks Transmission Limited | a) Income - Interest Income* b) Assets - Loan given - Loan repayment received * - Loan Balance - Balance Receivable* | 1 - 5 - 0 | 0 6 0 5 0 | - - - - - |
| 62 | Tata Power Delhi Distribution Limited | a) Expenses - Business promotion Expenses* | 0 | 0 | - |
| 63 | Tata Power Solar Systems Limited | a) Income - Interest Income b) Assets - Loan given - Loan repayment received - Loan Balance - Balance Receivable c) Commitments - Off balance sheet exposure | 4 26 14 13 (12) 229 | 2 6 54 1 7 255 | - - - 49 2 255 |
| 64 | Tata Power Trading Company Limited | a) Income - Interest Income* b) Assets - Loan given - Loan repayment received * - Loan Balance - Balance Receivable* | 1 - 1 6 0 | 0 6 0 6 0 | - - - - - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---|--|-------------------------------------|-----------------------------------|-----------------------|
| 65 | Tata Motors Limited | a) Income - Interest Income | 53 | 202 | - |
| | | b) Assets - Loan repayment received - Loan Balance - Balance Receivable | 223 359 6 | 214 582 22 | - 796 14 |
| | | c) Commitments - Off balance sheet exposure | 74 | 74 | 74 |
| 66 | Tata Motors Finance Limited | a) Income - Interest Income | 218 | 218 | - |
| | | b) Expenses - FA Purchased | 2 | - | - |
| | | c) Assets - Balance Receivable | 2,042 | 2,042 | 2,042 |
| 67 | Concorde Motors (India) Limited | a) Income - Interest Income - Lease Rental - Processing Fees | 1,854 486 19 | 944 460 1 | - - - |
| | | b) Expenses - FA Purchased | - | 5 | - |
| | | c) Assets - Loan given - Loan repayment received - Loan Balance # - Balance Receivable | 108,463 106,788 18,787 173 | 82,537 72,677 17,111 139 | - - 8,701 65 |
| | | d) Commitments - Off balance sheet exposure | 2,548 | 2,989 | - |
| 68 | Tata Steel Limited | a) Expenses - Rent and Other Expenses | 1 | 3 | - |
| 69 | Tata Metaliks Limited | a) Income - Operating Lease Rental | 13 | - | - |
| | | b) Liability - Security Deposit Payable | 8 | - | - |
| 70 | Jamshedpur Utilities & Services Co. Limited | a) Assets - Balance Receivable* | 0 | - | - |
| | | b) Commitments - Off balance sheet exposure | 15 | - | - |
| 71 | Tayo Rolls Limited | a) Income - ODC Income* | 1 | 0 | - |
| | | b) Assets - Loan outstanding # | 3 | 3 | 1 |
| 72 | Tata Communications Limited (Ceased to be an associate and became a subsidiary w.e.f. 28.05.2018) | a) Income - Interest Income | 5 | 7 | - |
| | | b) Expenses - IT Expenses | 285 | 432 | - |
| | | c) Assets - Loan repayment received - Loan Balance - Balance Receivable | 16 36 2 | 18 52 3 | - 70 2 |
| | | d) Commitments - Off balance sheet exposure | 360 | 360 | 367 |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---|---|--|--|--|
| 73 | Tata Communications Transformation Services | a) Income - Interest Income b) Assets - Loan given - Loan repayment received - Loan Balance - Balance Receivable | 4 - 13 23 (1) | 8 6 35 36 (1) | - - - 66 3 |
| 74 | The Associated Building Company Limited | a) Income - Interest Income - Lease Rental b) Assets - Loan given - Loan repayment received - Loan Balance # - Loan Balance - Balance Receivable * c) Commitments - Off balance sheet exposure | 756 469 8,181 7,261 4,144 595 158 243 | 65 - 3,800 8 3,827 - 61 - | - - - - 36 - 0 - |
| 75 | The Indian Hotels Company Limited | a) Income - Interest Income b) Expenses - Business promotion Expenses - Staff Welfare Expenses c) Assets - Loan given - Loan repayment received - Loan Balance - Balance Receivable d) Commitments - Off balance sheet exposure | 21 74 11 - 17 143 8 231 | 22 3 4 61 53 160 26 231 | - - - - - 152 4 304 |
| 76 | Piem Hotels Limited | a) Expenses - Travelling Exp | 11 | 4 | - |
| 77 | United Hotels Limited | a) Expenses - Travelling Exp* | 0 | 0 | - |
| 78 | Voltas Limited | a) Income - Subvention Income - Bill Discounting b) Expenses - Repairs & Maintenance - Commission - FA Purchased c) Assets - Balance Receivable* | 60 31 37 29 32 64 | 101 15 34 13 27 (1) | - - - - - 0 |
| 79 | Trent Limited | a) Expenses - NSR payment - Staff Welfare Exp b) Assets - Balance Receivable* | 282 - - | 183 3 0 | - - - |
| 80 | Fiora Hypermarket Limited | a) Expenses - Commission on Cards and Gift Cards - NSR Payment | 9 129 | - 30 | - - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|-------------------------------|---|--|--|--|
| 81 | Tata Elxsi Limited | a) Expenses - Staff Welfare Expenses | 9 | - | - |
| 82 | Titan Company Limited | a) Expenses - NSR payment - Staff Welfare Exp b) Assets - Balance Receivable | 6 33 1 | 9 30 1 | - - 3 |
| 83 | Tata Global Beverages Limited | a) Income - Lease Rental | 49 | 22 | - |
| 84 | Sir Ratan Tata Trust | a) Income - Interest Income b) Assets - Loan repayment received - Loan Balance - Balance Receivable* c) Commitments - Off balance sheet exposure | 1 4 3 0 36 | 1 3 7 0 36 | - - - 1 36 |
| 85 | Key Management | a) Remuneration to KMP - Short Term Employee Benefits - Post Employment Benefits - Share based payemnts (No. of Shares) Options granted ** Options exercised - Director Sitting Fees & Commission b) Expenses - Interest Expenses on debenture c) Liability - Outstanding Debenture | 341 12 600,000 - 109 - - | - - - - 174 2 20 | - - - - - - 20 |

Notes :

a) * less than Rs.50,000/-

b) ** ESOP has been granted by Tata Capital Limited

c) # all the loans / borrowings balance above are not secured

d) Expected credit loss provision for parties listed above have not been considered as provision for doubtful debts, hence not disclosed

e) The above related party transactions are at Arm's length and in the ordinary course of business.

f) The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

C) List of Associates

| Country of Incorporation | Name of Associate | Ownership Interest | |
|--------------------------|--|--------------------|----------------|
| | | March 31, 2019 | March 31, 2018 |
| India | Shriram Properties Private Limited | 1.50% | 1.50% |
| India | TVS Logistics Services Limited | 0.68% | 0.68% |
| India | Fincare Business Services Limited | 0.80% | 0.80% |
| India | Varroc Engineering Ltd. (ceased w.e.f. 06.07.2018) | 0.00% | 1.26% |

36. 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 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 |
|--|--|--|---|---|--|
| i. Vesting requirements | 1/3rd at the end of each 12, 24 and 36 months from the date of grant | 1/3rd at the end of each 12, 24 and 36 months from the date of grant | 100% at the end of 12 months from the date of grant | 100% at the end of 12 months from the date of grant | 20% at the end of each 12 and 24 months and 30% at the end of each 36 and 48 months from the date of grant |
| ii. Maximum term of option | 6 years | 6 years | 2 years | 2 years | 7 years |
| iii. Method of settlement | Equity settled | Equity settled | Equity settled | Equity settled | Equity settled |
| iv. Modifications to share based payment plans | N.A. | N.A. | N.A. | N.A. | N.A. |

B. Summary of share based payments

31 March 2019

| Particulars | ESOP 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 | Total |
|---|-----------|----------------|-----------|------------------|------------------|------------------|
| Outstanding balance at the beginning of the year | - | 741,902 | - | 7,745,000 | - | 8,486,902 |
| Less: | | | | | | |
| Options granted | - | - | - | - | 2,605,000 | 2,605,000 |
| Options forfeited | - | 267,904 | - | 1,750,000 | - | 2,017,904 |
| Options exercised | - | 181,222 | - | 1,358,194 | - | 1,539,416 |
| Options expired | - | - | - | - | - | - |
| Options lapsed | - | - | - | - | - | - |
| Options outstanding at the end of the year | - | 292,776 | - | 4,636,806 | 2,605,000 | 7,534,582 |
| Options exercisable at the end of the year | - | 292,776 | - | 4,636,806 | - | 4,929,582 |
| For share options exercised: | | | | | | |
| Weighted average exercise price at date of exercise | | | | | | 32.41 |
| Money realized by exercise of options (INR) | | | | | | 49,894,230 |
| For share options outstanding | | | | | | |
| Range of exercise prices | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Average remaining contractual life of options | - | 0.33 | - | 0.00 | 6.51 | 2.26 |

31 March 2018

| Particulars | ESOP 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 | Total |
|---|----------------|------------------|------------------|------------------|-----------|-------------------|
| Outstanding balance at the beginning of the year | 339,222 | 1,635,138 | 6,615,000 | 9,775,000 | - | 18,364,360 |
| Less: | | | | | | |
| Options granted | - | - | - | - | - | - |
| Options forfeited | 79,444 | 483,721 | - | 1,940,000 | - | 2,503,165 |
| Options exercised | 259,777 | 354,515 | 2,730,833 | - | - | 3,345,125 |
| Options expired | - | - | 3,884,167 | - | - | 3,884,167 |
| Options lapsed | - | - | - | - | - | - |
| Options outstanding at the end of the year | 1 | 796,902 | - | 7,835,000 | - | 8,631,902 |
| Options exercisable at the end of the year | 1 | 796,902 | - | 7,835,000 | - | 8,631,902 |
| For share options exercised: | | | | | | |
| Weighted average exercise price at date of exercise | | | | | | 28.52 |
| Money realized by exercise of options (INR) | | | | | | 95,404,102 |
| For share options outstanding | | | | | | |
| Range of exercise prices | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Average remaining contractual life of options | - | 0.86 | - | 1.00 | - | 0.99 |

1 April 2017

| Particulars | ESOP 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 | Total |
|---|----------------|------------------|------------------|------------------|-----------|-------------------|
| Outstanding balance at the beginning of the year | 836,386 | 1,883,790 | 7,800,000 | - | - | 10,520,176 |
| Less: | | | | | | |
| Options granted | - | - | - | 9,820,000 | - | 9,820,000 |
| Options forfeited | 121,222 | 142,583 | 1,145,000 | - | - | 1,408,805 |
| Options exercised | 375,944 | 86,069 | - | - | - | 462,013 |
| Options expired | | | | | | - |
| Options lapsed | | | | | | - |
| Options outstanding at the end of the year | 339,219 | 1,655,138 | 6,655,000 | 9,820,000 | - | 18,469,357 |
| Options exercisable at the end of the year | 339,219 | 1,655,138 | 6,655,000 | - | - | 8,649,357 |
| For share options exercised: | | | | | | |
| Weighted average exercise price at date of exercise | | | | | | 19.12 |
| Money realized by exercise of options (INR) | | | | | | 8,832,256 |
| For share options outstanding | | | | | | |
| Range of exercise prices | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Average remaining contractual life of options | 0.42 | 1.35 | 1.00 | 1.00 | - | 1.02 |

C. Valuation of stock options

| Particulars | ESOP 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 |
|---|--|--|---|--|---|
| Share price: | 17.77 | 25 | 30 | 33.4 | 50.6 |
| Exercise Price: | 17.77 | 25 | 30 | 33.4 | 50.6 |
| Expected Volatility: | 0.49 | 0.37 | 0.38 | 0.35 | 0.38 |
| Contractual Option Life (years): | 3.00 | 3.00 | 2.00 | 2.00 | 7.00 |
| Expected dividends: | - | - | - | - | - |
| Risk free interest rate: | 8.00% | 8.00% | 8.00% | 6.57% | 8.04% |
| Vesting Dates | 33.33% vesting on August 31, 2012 66.67% vesting on August 31, 2013 100% vesting on August 31, 2014 - | 33.33% vesting on July 29, 2014 66.67% vesting on July 29, 2015 100% vesting on July 29, 2016 - | 100% vesting on March 31, 2017 - - - | 100% vesting on April 2, 2018 - - - | 20% vesting on September 30, 2019 40% vesting on September 30, 2020 70% vesting on September 30, 2021 100% vesting on September 30, 2022 |
| 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

The Company is required to present the following terms of the ESOPs, for the key managerial employees and other employees

As at March 31, 2019

| Particulars | Mr. Kusal Roy | | Mr. Puneet Sharma | | Ms. Avan Doomasia | |
|--------------|----------------|-----------|-------------------|----------------|-------------------|----------------|
| Scheme | Granted | Exercised | Granted | Exercised | Granted | Exercised |
| ESPS 2009 | - | - | 131,838 | 131,838 | 80,615 | 80,615 |
| ESOP 2011 | - | - | 80,000 | 80,000 | 60,000 | 60,000 |
| PS 2013 | - | - | 14,212 | 14,212 | 8,690 | 8,690 |
| ESOP 2013 | - | - | - | - | - | - |
| ESOP 2016 | - | - | 10,000 | 10,000 | 10,000 | 10,000 |
| ESOP 2017 | - | - | 10,000 | 10,000 | 10,000 | 10,000 |
| ESOP 2018 | 600,000 | - | 400,000 | - | 125,000 | - |
| Total | 600,000 | - | 646,050 | 246,050 | 294,305 | 169,305 |

As at March 31, 2018

| Particulars | Mr. Praveen P. Kadle | | Mr. Puneet Sharma | | Ms. Avan Doomasia | |
|--------------|----------------------|------------------|-------------------|----------------|-------------------|----------------|
| Scheme | Granted | Exercised | Granted | Exercised | Granted | Exercised |
| ESPS 2009 | 1,100,000 | 1,100,000 | 131,838 | 131,838 | 80,615 | 80,615 |
| ESOP 2011 | 240,000 | 240,000 | 80,000 | 80,000 | 60,000 | 60,000 |
| PS 2013 | 118,580 | 118,580 | 14,212 | 14,212 | 8,690 | 8,690 |
| ESOP 2013 | - | - | - | - | - | - |
| ESOP 2016 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| ESOP 2017 | 10,000 | - | 10,000 | 10,000 | 10,000 | 10,000 |
| ESOP 2018 | - | - | - | - | - | - |
| Total | 1,478,580 | 1,468,580 | 246,050 | 246,050 | 169,305 | 169,305 |

As at 1 April 2017

| Particulars | Mr. Praveen P. Kadle | | Mr. Puneet Sharma | | Ms. Avan Doomasia | |
|--------------|----------------------|------------------|-------------------|----------------|-------------------|----------------|
| Scheme | Granted | Exercised | Granted | Exercised | Granted | Exercised |
| ESPS 2009 | 1,100,000 | 1,100,000 | 131,838 | 131,838 | 80,615 | 80,615 |
| ESOP 2011 | 240,000 | 240,000 | 80,000 | 80,000 | 60,000 | 60,000 |
| PS 2013 | 118,580 | 118,580 | 14,212 | 14,212 | 8,690 | 8,690 |
| ESOP 2013 | - | - | - | - | - | - |
| ESOP 2016 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| ESOP 2017 | 10,000 | - | 10,000 | 10,000 | 10,000 | 10,000 |
| ESOP 2018 | - | - | - | - | - | - |
| TOTAL | 1,478,580 | 1,468,580 | 246,050 | 246,050 | 169,305 | 169,305 |

37. Contingent Liabilities and Commitments:**(i) Contingent Liabilities :-**

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

(Rs. in lakh)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|-------------------------|-------------------------|-------------------------|
| Income Tax (Pending before Appellate authorities) | 2,586 | 1,916 | 1,786 |
| VAT (Pending before Appellate authorities) | 245 | 71 | 420 |

(ii) Commitments :-**(a) Undrawn Commitment given to Borrowers**

As on March 31, 2019 Rs. 377,351 lakh (Year ended March, 31, 2018 : Rs. 212,864 lakh, April 01, 2017 : Rs 211,584 lakh)

Less than 1 Year: Rs. 289,205 lakh (Year ended March, 31, 2018 : Rs. 165,763 lakh, April 01, 2017 : Rs 178,908 lakh)

More than 1 Year: Rs. 88,146 lakh (Year ended March, 31, 2018 : Rs. 47,101 lakh, April 01, 2017 : Rs 32,676 lakh)

(b) Letter of Credit, Buyers Credit and Other Guarantees Rs. 7,909 lakh (Year ended March, 31, 2018 : Rs. 781 lakh, April 01 2017 : Rs. 677 lakh)

(c) Leases entered but not executed Rs. 88,210 lakh (Year ended March, 31, 2018 : Rs. 89,148 lakh, April 01, 2017 : Rs 66,473 lakh)

(d) Unamortised Forward Contract exposure Rs. Nil (Year ended March, 31, 2018 : Rs. 98 lakh, April 01, 2017 : Rs Nil)

(e) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.1,325 lakh

(as at March 31, 2018: Rs. 1,310 lakh and April 01, 2017 : Rs. 2,276 lakh).

- Tangible: Rs. 692 lakh (Year ended March, 31, 2018 : Rs. 1,111 lakh, April 01, 2017 : Rs. 817 lakh)

- Intangible: Rs. 633 lakh (Year ended March, 31, 2018 : Rs. 199 lakh, April 01, 2017 : Rs. 1,459 lakh)

38. The Company avails from time to time non-cancelable long-term leases for office premises, including office furniture. The total of future minimum lease payments that the Company is committed to make is:

(Rs in lakh)

| Lease Payments | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| - Within one year | 378 | 15 |
| - Later than one year and not later than five years | 536 | - |
| - Later than five years | - | - |

The amount charged towards lease rentals (as part of Rent expenditure) is Rs. 3,191 lakh (Year ended March, 31, 2018: Rs. 2,249 lakh).

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

(Rs in lakh)

| Lease Payments | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| - Within one year | 31,976 | 20,259 |
| - Later than one year and not later than five years | 56,530 | 40,649 |
| - Later than five years | 2,716 | 1,759 |

Accumulated Depreciation on lease assets is Rs. 41,837 lakh (Year ended March, 31, 2018: Rs. 19,366 lakh).

Accumulated Impairment losses on the leased assets Rs. Nil (Year ended March, 31, 2018 Rs. Nil)

39. Earnings per Share (EPS):

| Particulars | | 2018-19 | 2017-18 |
|--|-------------|---------------|---------------|
| Profit after tax | Rs. in lakh | 43,710 | 40,289 |
| Add: Preference dividend on Compulsorily Convertible Cumulative Preference shares (including dividend distribution tax) | Rs. in lakh | 14,194 | 10,643 |
| Profit after tax attributable to parent company | Rs. in lakh | 57,904 | 50,932 |
| Weighted average number of equity shares in computing Basic / Diluted earnings per share | Nos. | 1,537,607,864 | 1,445,804,831 |
| Face value of equity shares | Rupees | 10 | 10 |
| Earnings per share (Basic and Diluted) | Rupees | 3.77 | 3.52 |

40. Movement in Contingent provisions against Standard Assets during the year is as under:

(Rs in lakh)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------|-------------------------|-------------------------|
| | Rs in lakh | Rs in lakh |
| Opening Balance | 49,559 | 42,176 |
| Add : Additions during the year | 8,852 | 7,383 |
| Less : Utilised during the year | - | - |
| Closing Balance | 58,411 | 49,559 |

41. Capital to Risk Assets Ratio (CRAR)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2018 |
|---|----------------------------|----------------------------|----------------------------|
| | Ind AS | Ind AS | IGAAP* |
| CRAR (%) | 16.84% | 15.60% | 16.68% |
| CRAR – Tier I Capital (%) | 12.11% | 10.77% | 12.68% |
| CRAR – Tier II Capital (%) | 4.73% | 4.84% | 4.00% |
| Amount of subordinated debt raised as Tier-II Capital | 57,140 | - | - |
| Amount raised by issue of Perpetual Debt Instruments | - | 31,800 | 31,800 |

* Capital to risk asset ratio as at March 31, 2018 has been calculated as per RBI Directions basis financial statements prepared under IGAAP.

42. Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities.

As on March 31, 2019

(Rs in lakh)

| Particulars | Liabilities | | | Assets | | |
|---------------------------------|--------------------------|----------------------|-----------------------------------|------------------|---------------|----------------------------|
| | Borrowings from Banks | Market Borrowings | Foreign Currency Borrowings | Advances | Investments | Foreign Currency Assets |
| 1 day to 30/31 days (One month) | 212,879 | 201,865 | - | 319,627 | - | - |
| Over One months to 2 months | - | - | - | - | - | - |
| Over 2 months upto 3 months | 553,148 | 314,500 | - | 852,930 | - | - |
| Over 3 months to 6 months | - | - | - | - | - | - |
| Over 6 months to 1 year | 677,154 | 218,442 | - | 1,053,399 | 1,379 | - |
| Over 1 year to 3 years | - | - | - | - | - | - |
| Over 3 years to 5 years | 889,271 | 475,000 | - | 1,549,542 | 36,653 | - |
| Over 5 years | 255,767 | - | - | 715,552 | - | - |
| Total | 2,588,219 | 1,209,807 | - | 4,491,050 | 38,032 | - |

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

As on March 31, 2018

| Particulars | Liabilities | | | Assets | | |
|---------------------------------|--------------------------|----------------------|-----------------------------------|------------------|---------------|----------------------------|
| | Borrowings from Banks | Market Borrowings | Foreign Currency Borrowings | Advances | Investments | Foreign Currency Assets |
| 1 day to 30/31 days (One month) | 187,904 | 259,934 | - | 284,291 | - | - |
| Over One months to 2 months | - | - | - | - | - | - |
| Over 2 months upto 3 months | 504,332 | - | - | 779,313 | - | - |
| Over 3 months to 6 months | - | - | - | - | - | - |
| Over 6 months to 1 year | 458,435 | 242,500 | - | 847,782 | 1,362 | - |
| Over 1 year to 3 years | - | - | - | - | - | - |
| Over 3 years to 5 years | 837,606 | 443,500 | - | 1,273,789 | 28,110 | - |
| Over 5 years | 199,655 | - | - | 532,755 | - | - |
| Total | 2,187,932 | 945,934 | - | 3,717,929 | 29,472 | - |

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

As on April 1, 2017

(Rs in lakh)

| Particulars | Liabilities | | | Assets | | |
|---------------------------------|--------------------------|----------------------|-----------------------------------|------------------|---------------|----------------------------|
| | Borrowings from Banks | Market Borrowings | Foreign Currency Borrowings | Advances | Investments | Foreign Currency Assets |
| 1 day to 30/31 days (One month) | 157,537 | 403,169 | - | 536,149 | - | - |
| Over One months to 2 months | - | - | - | - | - | - |
| Over 2 months upto 3 months | 560,901 | 5,000 | - | 546,566 | - | - |
| Over 3 months to 6 months | - | - | - | - | - | - |
| Over 6 months to 1 year | 619,102 | 96,000 | - | 667,356 | 802 | - |
| Over 1 year to 3 years | - | - | - | - | - | - |
| Over 3 years to 5 years | 613,199 | 100,000 | - | 922,588 | 25,608 | - |
| Over 5 years | 173,500 | - | - | 564,730 | - | - |
| Total | 2,124,240 | 604,169 | - | 3,237,390 | 26,409 | - |

43. Disclosure of details as required by Revised Para 18 of the Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, earlier Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007. -

44. Loans and advances - Financing Activity (Secured) include Rs.433 lakh (Year ended March, 31, 2018 : Rs. 433 lakh) being the value of the unquoted preference shares acquired in satisfaction of the respective loans under the Settlement Agreement. Other Current Assets include Rs. Nil (Year ended March, 31, 2018 : Rs. 1,326 lakh) being the value of immovable property, necessary provision for which is made. Investments include Rs. 1,379 lakh (Year ended March, 31, 2018 : Rs. 1,354 lakh) being the value of the unquoted equity shares acquired in satisfaction of the respective loans under the Settlement Agreement.
45. The company has earned commission from non-life insurance companies amounting to Rs. 857 lakh (Year ended March, 31, 2018 : Rs. 541 lakh) and from life insurance companies amounting to Rs. 69 lakh (Year ended March, 31, 2018 : Rs. 52 lakh)
46. The value of a unhedged foreign currency transaction for purchase of Operating Lease asset as on March 31, 2019 is Rs.12 lakh (Year ended March, 31, 2018 : Rs 37 lakh)
47. During the previous year ended March 31, 2018, the Company had re-assessed the useful life of its leased assets and has changed the life of the assets given on operating lease. As a result of the change in the useful life of the asset, depreciation for year ended March 31, 2018 was higher by Rs. 8,145 lakh.
48. The company has reported frauds aggregating Rs. 1,574 lakh (Year ended March, 31, 2018 : Rs. 340 lakh) based on management reporting to risk committee and to the RBI through prescribed returns.

49 Disclosure of Restructured Accounts As on 31-Mar-19
Amt in Lakhs

| Sl No | Type of Restructuring | | Under CDR Mechanism | | | | | Under SME Debt Restructuring Mechanism | | | | | Others | | | | | Total | | | | | | |
|-------|---|---|---------------------|--------------|----------|------|---------|--|--------------|----------|------|-------|----------|--------------|----------|------|----------|----------|--------------|----------|------|----------|--|--|
| | Asset Classification | | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total | | |
| | Details | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Restructured accounts as on 1st April, 2018 (Opening figures)* | No. of borrowers | - | - | 3 | - | 3 | - | - | - | - | - | 24 | 94 | 20 | - | 138 | 24 | 94 | 23 | - | 141 | | |
| | | Amt. outstanding | 0 | (0) | 2,150 | - | 2,150 | - | - | - | - | - | 2,819 | 2,173 | 10,861 | - | 15,854 | 2,819 | 2,173 | 13,011 | - | 18,004 | | |
| | | Provision thereon | - | 0 | 1,708 | - | 1,708 | - | - | - | - | - | 455 | 1,637 | 9,816 | - | 11,908 | 455 | 1,637 | 11,524 | - | 13,616 | | |
| 2 | Fresh restructuring during the year | No. of borrowers | - | - | - | - | - | - | - | - | - | - | - | 12 | 2 | - | 14 | - | 12 | 2 | - | 14 | | |
| | | Amt. outstanding | - | - | 23 | - | 23 | - | - | - | - | - | 0 | 205 | 55 | - | 260 | 0 | 205 | 77 | - | 283 | | |
| | | Provision thereon | - | - | 57 | - | 57 | - | - | - | - | - | 55 | 152 | 42 | - | 249 | 55 | 152 | 99 | - | 306 | | |
| 3 | Upgradations of restructured accounts to Standard category | No. of borrowers | - | - | - | - | - | - | - | - | - | - | 16 | (15) | (1) | - | - | 16 | (15) | (1) | - | - | | |
| | | Amt. outstanding | - | - | - | - | - | - | - | - | - | - | 338 | (379) | (2) | - | (43) | 338 | (379) | (2) | - | (43) | | |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | 23 | (293) | (2) | - | (273) | 23 | (293) | (2) | - | (273) | | |
| 4 | Restructured advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | No. of borrowers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | | Amt. outstanding | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| 5 | Downgradations of restructured accounts during the FY | No. of borrowers | - | - | - | - | - | - | - | - | - | - | (2) | (49) | 51 | - | - | (2) | (49) | 51 | - | - | | |
| | | Amt. outstanding | - | - | - | - | - | - | - | - | - | - | (17) | (1,136) | 1,251 | - | 98 | (17) | (1,136) | 1,251 | - | 98 | | |
| | | Provision thereon | - | - | - | - | - | - | - | - | - | - | (1) | (858) | 865 | - | 6 | (1) | (858) | 865 | - | 6 | | |
| 6 | Write-offs of restructured accounts during the FY | No. of borrowers | - | - | (1) | - | (1) | - | - | - | - | - | (8) | (20) | (9) | - | (37) | (8) | (20) | (10) | - | (38) | | |
| | | Amt. outstanding | - | - | (1,613) | - | (1,613) | - | - | - | - | - | (789) | (243) | (10,336) | - | (11,369) | (789) | (243) | (11,949) | - | (12,982) | | |
| | | Provision thereon | - | (0) | (1,334) | - | (1,334) | - | - | - | - | - | (299) | (276) | (9,316) | - | (9,890) | (299) | (276) | (10,650) | - | (11,224) | | |
| 7 | Restructured accounts as on 31st Mar, 2019 (Closing figures)* | No. of borrowers | - | - | 2 | - | 2 | - | - | - | - | - | 30 | 22 | 63 | - | 115 | 30 | 22 | 65 | - | 117 | | |
| | | Amt. outstanding | 0 | (0) | 560 | - | 560 | - | - | - | - | - | 2,351 | 621 | 1,828 | - | 4,800 | 2,351 | 621 | 2,388 | - | 5,360 | | |
| | | Provision thereon | - | (0) | 431 | - | 431 | - | - | - | - | - | 232 | 363 | 1,405 | - | 2,000 | 232 | 363 | 1,836 | - | 2,431 | | |
| | | * Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable) | | | | | | | | | | | | | | | | | | | | | | |

NOTES

1. Fresh restructuring during the year includes Rs 31.74 Lakh of fresh /additional Sanction (8 account),provision of Rs.112.32 Lakhs to the existing restructured accounts.
2. Write offs includes Rs (788.93) Lakh 25 accounts , Provision of Rs. (383.42 Lakh) towards reduction from existing restructured accounts by way of sale/recovery

This also includes provision made on opening standard restructured assets

50. As per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, additional disclosures are required in the Annual Financial Statements as follows:

- (i) The Company has following Registrations effective as on March 31, 2019:

| Issuing Authority | Registration No., if any | Date of registration | Valid upto | Registered as |
|---|--------------------------|----------------------|---|--|
| Reserve Bank of India | 13.02005 | 04-Nov-11 | - | NBFC-ND-SI |
| Reserve Bank of India | - | 15-Jan-19 | 14-Jan-21 | Marketing and distribution of Co-branded Credit Card |
| Association of Mutual Fund of India | ARN No. 84894 | 12-Mar-15 | 11-Mar-21 | Distributor of MF products (ARN) |
| Securities and Exchange Board of India | INA000002215 | 17-Sep-14 | 16-Sep-19 | Investment Advisor |
| Insurance Regulatory and Development Authority of India | CA 0076 | 01-Apr-16 | 31-Mar-19 (renewed w.e.f. April 1, 2019 to March 31, 2022) | Corporate Agent |

- (ii) Ratings assigned by credit rating agencies and migration of ratings during the year

| | |
|--------------------------------|--|
| (i) Rating Assigned to | Short Term Debt, Long Term Debt, Perpetual Debt, Tier II Debt |
| (ii) Date of Rating | ICRA- January 21 2019, CARE- January 31, 2019, CRISIL- February 8, 2019, India Rating August 22, 2018 |
| (iii) Rating Valid up to | Till the Date of reaffirmation |
| (iv) Name of the Rating Agency | ICRA Limited (ICRA), CRISIL Limited (CRISIL), Credit Analysis and Research Limited (CARE), India Ratings & Research Private Limited (IND) |
| (v) Rating of products | |
| (a) Commercial Paper | ICRA A1+ , CRISIL A1+ (no change in the rating) |
| (b) Debentures | <p>Secured/Unsecured Non Convertible Debentures Current year : ICRA AAA (Stable), CRISIL AAA (Stable) and CARE AAA (Stable) <i>Previous year : ICRA AA+, CRISIL AA+ and CARE AA+</i></p> <p>Secured Non Convertible Debentures - MLD Current year : CRISIL PP-MLD AAAr (Stable) <i>Previous year : Not applicable</i></p> <p>Tier II Debentures Current year :ICRA AAA (Stable), CRISIL AAA (Stable) and CARE AAA (Stable) <i>Previous year :ICRA AA+, CRISIL AA+ and CARE AA+</i></p> <p>Perpetual Debentures Current year : CRISIL AA+(Stable), CARE AA+(Stable) and ICRA AA+(Stable) <i>Previous year : ICRA AA, CRISIL AA and CARE AA</i></p> |
| (c) Others | <p>Short Term Bank Loans ICRA A1+ (no change in the rating)</p> <p>Long Term Bank Loans Current year : ICRA AAA (Stable) , CARE AAA (Stable) and India Ratings IND AAA(Stable) <i>Previous year : ICRA AA+ and CARE AA+</i></p> |

- (iii) RBI has not levied any penalties on the Company during the year.

- (iv) Off Balance Sheet Exposure as on March 31, 2019 is as follows :-

- (a) Undrawn Commitment given to Borrowers

As on March 31, 2019 Rs. 377,351 lakh (Year ended March, 31, 2018 : Rs. 487,453 lakh)

Less than 1 Year: Rs. 289,205 lakh (Year ended March, 31, 2018 : Rs. 262,691 lakh)

More than 1 Year: Rs. 88,146 lakh (Year ended March, 31, 2018 : Rs. 224,762 lakh)

- (b) Other Guarantees Rs. 7,909 lakh (Year ended March, 31, 2018 : Rs. 781 lakh)

- (c) Leases entered but not executed Rs. 88,210 lakh (Year ended March, 31, 2018 : Rs. 89,148 lakh)

- (d) Unamortised Forward Contract exposure Rs. Nil (Year ended March, 31, 2018 : Rs. 98 lakh)

- (e) Others (Tax Matters) Rs. 2,766 lakh (Year ended March, 31, 2018 : Rs.1,987 lakh)

(v) **Provisions and Contingencies**

| (Rs in lakh) | | |
|---|---------------|---------------|
| Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss (refer Note 1) | FY 18-19 | FY 17-18 |
| Provision for depreciation on Investments (net of fair value changes) | (7,727) | 1,756 |
| Provision towards NPA (refer Note 2) | 36,591 | 12,100 |
| Provision against assets held for sale | 1,446 | 1,405 |
| Provision towards Restructured Standard Assets | (325) | (1,448) |
| Provision against other doubtful advances | (36) | 260 |
| Provision made towards Income tax | 21,651 | 28,249 |
| Other Provision and Contingencies (with details): | | |
| - Provision for Employee Benefits | 338 | 275 |
| - Provision for Standard Assets | 8,923 | 7,393 |
| Total | 60,861 | 49,990 |

Note :

1. The Company has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made separately as contingent liabilities in the notes to the accounts forming part of the financial statements (refer Note no 28(i)). The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

2. The Company has not availed relief in the classification and provision for non-performing assets against the exposure to micro, small and medium borrowers registered under Goods and Service Tax as provided by RBI through its circular no. RBI/2017-18/129 DBR.No.BP.BC.100/21.04.048/2017-18 dated February 7, 2018.

(vi) **Concentration of Advances & Exposures stood as follows:**

| (Rs in lakh) | | |
|--|----------|----------|
| Advances# | | |
| Particulars | FY 18-19 | FY 17-18 |
| Total Advances to twenty largest borrowers | 460,162 | 297,779 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 10.31% | 8.05% |

Includes Loans, Advances & Credit Substitutes (Advance includes interest accrued but not due)

| (Rs in lakh) | | |
|---|----------|----------|
| Exposure * | | |
| Particulars | FY 18-19 | FY 17-18 |
| Total Exposure to twenty largest borrowers | 481,662 | 309,904 |
| Percentage of Exposure to twenty largest borrowers to Total Exposure of the NBFC ** | 9.70% | 7.18% |

* Includes Loans, Advances, Credit Substitutes & Investment in Equity Shares, Preference Shares, Security Receipts & Mutual Funds (including sanctioned part disbursed)

** Total Exposure includes off balance sheet exposure and interest accrued but not due (refer schedule 50(iv)(a,b and c)

(vii) The Company does not have any Joint Ventures and Subsidiaries abroad. The Company has not sponsored any SPVs. Accordingly there is no disclosure applicable

(viii) **The status of the Customer Complaints during the year is as follows :**

| Sr No | Particulars | FY 18-19 | FY 17-18 |
|-------|--|----------|----------|
| (a) | No. of complaints pending at the beginning of the year | 9 | 51 |
| (b) | No. of complaints received during the year | 6,336 | 6,458 |
| (c) | No. of complaints redressed during the year | 6,191 | 6,500 |
| (d) | No. of complaints pending at the end of the year* | 154 | 9 |

(ix) **Details of Assignment transactions undertaken by NBFCs:**

(Rs in lakh)

| S No. | Particulars | FY 18-19 | FY 17-18 |
|-------|---|----------|----------|
| 1 | No. of accounts* | Nil | 559 |
| 2 | Aggregate value (net of provisions) of accounts sold | Nil | 37,299 |
| 3 | Aggregate consideration | Nil | 37,299 |
| 4 | Additional consideration realized in respect of accounts transferred in earlier years | Nil | Nil |
| 5 | Aggregate gain / loss over net book value | Nil | Nil |

* Total value of the Loans sold under direct assignment route is Rs. Nil (Year ended March, 31, 2018 : Rs. 41,443 lakh). Company has retained 10% interest in the Loans sold

(x) (a) Non Performing Assets purchased during the year - Nil (Previous Year : Nil).

(b) Details of Non Performing Assets sold :

| S No. | Particulars | FY 18-19 | FY 17-18 |
|-------|--|----------|----------|
| 1 | No. of accounts sold (Count) | 21 | 2 |
| 2 | Aggregate outstanding [net of provision] (Rs in lakh)* | 741 | 438 |
| a) | Aggregate outstanding (Rs in lakh) | 1,964 | 977 |
| b) | Provision held on date of sale | 1,223 | 566 |
| 3 | Aggregate consideration received (Rs in lakh)* | 574 | 492 |

(xi) No Parent Company Products are financed during the year (Year ended March, 31, 2018 : Nil).

(xii) The Exposure to a single borrower and group of borrower does not exceed the limit stipulated by the RBI Concentration norms applicable to NBFCs.

(xiii) The Exposure to Unsecured Advances is Rs. 1,922,705 lakh (Year ended March, 31, 2018 : Rs. 1,509,525 lakh) constituting 43.09% of the Total Loans and Advances (Year ended March, 31, 2018 : 40.81%). The Exposure to Secured Loans includes Rs. Nil (Year ended March, 31, 2018 : Rs. Nil) towards a Loan given against Copy Rights for motion films in the nature of intangible asset.

(xiv) Concentration of NPAs

| Particulars | March 31, 2019 (Rs in lakh) | March 31, 2018 (Rs in lakh) |
|---|--------------------------------|--------------------------------|
| Total Exposure to top four NPA accounts | 10,986 | 22,538 |

(xv) Sector-wise NPAs

| Sl. No. | Sector | Percentage of NPAs to Total Advances in that sector | |
|---------|-------------------------------------|---|----------------|
| | | March 31, 2019 | March 31, 2018 |
| 1 | Agriculture & allied activities | 15.56% | 7.55% |
| 2 | MSME (refer Note 1) | 1.79% | 1.74% |
| 3 | Corporate borrowers (refer Note 2) | 1.93% | 3.81% |
| 4 | Services (refer Note 3) | 0.84% | 5.85% |
| 5 | Unsecured personal loans | 2.85% | 2.54% |
| 6 | Auto loans | 3.86% | 4.72% |
| 7 | Other personal loans (refer Note 4) | 2.23% | 2.09% |

Note:

1. includes borrowers classified as per the Master Direction FIDD.MSME & NFS.3/06.02.31/2016-17 dated July 21, 2016.
2. includes borrowers classified as Industry excluding the MSME.
3. includes borrowers classified as Services excluding the MSME.
4. Other Personal Loans include : Loan against Property, Loan against Shares and Consumer Durables.

- (xvi) Since the Company does not have significant uncertainties pending resolutions as at March 31, 2019, revenue recognition has not been postponed.
- (xvii) Drawdown of reserves made during current year of Rs. 93 lakh on account of Share issue expenses (Year ended March, 31, 2018 : Nil)
- (xviii) The disclosure of the Concentration of Deposits taken is not applicable since the Company is not in the business of accepting deposits being a Systemically Important Non Deposit Accepting NBFC.

(xix) **Derivative Instruments Exposures:**

Derivative position are open as at March 31, 2019 (Year ended March, 31, 2018 : Nil) in the form of Forward exchange contract is disclosed below. These transaction was undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in note 2 (xvi).

The Company did not enter into any derivative instrument which is intended for trading or speculation other than forward exchange contracts entered for purchase of Operating lease assets as mentioned below.

Outstanding forward exchange contract entered into by the Company: -

| Particulars | Buy / Sell | For the Year ended March 31, 2019 | | For the Year ended March 31, 2018 | |
|---|------------|--------------------------------------|-------------|--------------------------------------|-------------|
| | | Euros (Actual) | Rs. In lakh | Euros (Actual) | Rs. In lakh |
| Forward Contracts (Payment for Capital Expenditure) i.e Notional principal of Swap Agreements (Spot rate on date of transaction * Fixed Asset cost in Euros) | Buy | Nil | Nil | 4,812,680 | 3,703 |
| Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements (Closing rate - Spot Rate) * Fixed Asset cost in Euros | Buy | NA | NA | NA | 49 |
| 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 of the swap book @ | Buy | NA | NA | NA | NA |

(xx) **NPA Movement during the year**

| (Rs in lakh) | | | | |
|--------------|--|---|----------|----------|
| Particulars | | | FY 18-19 | FY 17-18 |
| (i) | Net NPAs to Net Advances (%) | | 0.39% | 0.44% |
| (ii) | Movement of NPAs (Gross) | | | |
| | (a) | Opening balance | 122,431 | 159,147 |
| | (b) | Additions during the year | 66,433 | 57,650 |
| | (c) | Reductions during the year | (79,526) | (94,366) |
| | (d) | Closing balance | 109,338 | 122,431 |
| (iii) | Movement of provisions for NPAs (excluding provision on standard assets) | | | |
| | (a) | Opening balance | 106,679 | 138,720 |
| | (b) | Additions during the year | 57,418 | 49,797 |
| | (c) | Write-off / write-back of excess provisions | (71,796) | (81,838) |
| | (d) | Closing balance | 92,301 | 106,679 |
| (iv) | Movement of Net NPAs | | | |
| | (a) | Opening balance | 15,752 | 20,427 |
| | (b) | Additions during the year | 9,015 | 7,853 |
| | (c) | Reductions during the year | (7,730) | (12,528) |
| | (d) | Closing balance | 17,037 | 15,752 |

Note:

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

(xxi) **Exposure to Capital Market :-**

| (Rs in lakh) | | | |
|---|---|----------------|----------------|
| Particulars | | FY 18-19 | FY 17-18 |
| (i) | Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; (Refer note (c) below) | 39,935 | 31,900 |
| (ii) | Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; (Refer notes (a) and (b) below) | 304,936 | 230,263 |
| (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; | - | 4,417 |
| (iv) | Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances; | - | - |
| (v) | Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | - | - |
| (vi) | Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; | - | - |
| (vii) | Bridge loans to companies against expected equity flows / issues; | - | - |
| (viii) | All exposures to Venture Capital Funds (both registered and unregistered) | - | - |
| Total Exposure to Capital Market | | 344,872 | 266,580 |

Note:

Exposure to Capital Market includes:

a) Rs.Nil lakh (Previous year: Rs. 7,963 lakh) (of which loan sanctioned part disbursed is Rs. Nil lakh (Year ended March, 31, 2018 : Rs. 3,200 lakh)) on account of Loan give to a customer in the business of Commercial Real estate.

b) Limits given to Borrowers but part un-utilised of Rs. 44,252 lakh (Year ended March, 31, 2018 : Rs. 20,181 lakh) .

c) Investment in equity shares of Rs. 3,350 lakh in a Commercial Real Estate customer i.e. Shriram properties private limited (Year ended March, 31, 2018 : Rs. 3,350 lakh), net of the provision for diminution of Rs. 585 lakh

(xxii) **Investments**

| (Rs. in lakh) | | | |
|---------------|---|----------|----------|
| Particulars | | FY 18-19 | FY 17-18 |
| (1) | Value of Investments | | |
| (i) | Gross Value of Investments | 38,879 | 38,035 |
| (a) | In India | 38,879 | 38,035 |
| (b) | Outside India | - | - |
| (ii) | Provision for Depreciation | 847 | 8,563 |
| (a) | In India | 847 | 8,563 |
| (b) | Outside India | - | - |
| (iii) | Net value of investments | 38,032 | 29,472 |
| (a) | In India | 38,032 | 29,472 |
| (b) | Outside India | - | - |
| (2) | Movement of Provisions held towards depreciation on investments | | |
| (i) | Opening Balance | 8,563 | 6,897 |
| (ii) | Add: Provision/fair value loss during the year | 2,463 | 2,258 |
| (iii) | Less: Write-off / write-back of excess provisions or fair value gain during the year# | 10,178 | 592 |
| (iv) | Closing balance | 847 | 8,563 |

Note: The above details does not include investment in the form of Credit Substitutes.

(xxiii) **Exposure to Real Estate Sector**

| (Rs. in lakh) | | | |
|---|---|----------------|----------------|
| Category | | FY 18-19 | FY 17-18 |
| (a) | Direct Exposure | | |
| (i) | Residential Mortgages - | | |
| | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented | 390,294 | 340,234 |
| (ii) | Commercial Real Estate - | | |
| | Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits | 409,985 | 313,038 |
| (iii) | Investments in Mortgage Backed Securities (MBS) and other securitised exposures - | | |
| a. | Residential | - | - |
| b. | Commercial Real Estate | - | - |
| Total Exposure to Real Estate Sector | | 800,279 | 653,272 |

Note:

Exposure to Real Estate Sector includes:

a) Limits given to Borrowers but part un-utilised of Rs. 15,687 lakh (Previous year : Rs. 16,651 lakh).

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(xxiv) The Company has assessed its obligations arising in the normal course of business, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Ind AS 37 on 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

For B S R & Co. LLP
Chartered Accountants
Firms Registration No –
101248W/W-100022

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

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

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

Manoj Kumar Vijai
Partner
Membership No: 046882

Kusal Roy
(Managing Director)
(DIN No. : 02268654)

Puneet Sharma
(Chief Financial Officer)

Avan Doomasia
(Company Secretary)

Mumbai
Date : August , 2019



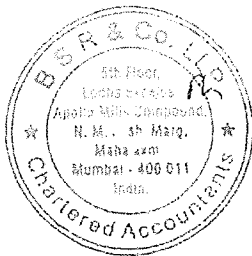
Annexure I

Statement of Dividend paid - Standalone

| Year ended March 2019 | Amount in Rs. Lakh |
|--|--------------------|
| Interim dividend paid on Preference Shares | 11,673 |
| Interim dividend distribution tax on Preference Shares | 2,399 |
| Equity Dividend | |

For and on behalf of Tata Capital Financial Services Limited

Authorised Signatory



TATA CAPITAL FINANCIAL SERVICES LIMITED

Corporate Identity Number U67100MH2010PLC210201

11th Floor Tower A Peninsula Business Park Ganpatrao Kadam Marg Lower Parel Mumbai 400 013

Tel 91 22 6606 9000 Web www.tatacapital.com

Registered Office 11th Floor Tower A Peninsula Business Park Ganpatrao Kadam Marg Lower Parel Mumbai 400 013



Annexure I

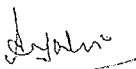
Statement of Capitalisation - Standalone

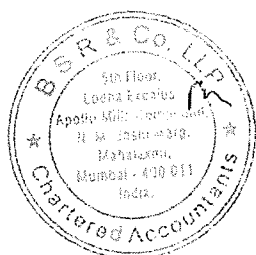
| Particulars | Amount in Rs. Lakh as at 31st March 2019 | | |
|---|--|----------------|------------|
| | Prior to Issue | Proposed Issue | Post Issue |
| Share Capital | 1,37,556 | | 1,37,556 |
| Compulsorily Convertible Cumulative Preference shares | 1,88,900 | | 1,88,900 |
| Other Equity | 2,66,807 | | 2,66,807 |
| Less : Unamortised expenditure - Ancillary borrowing expenses, prepaid expenses, unamortised loan processing fees | (21,079) | | (21,079) |
| Total Shareholder's Funds | 5,72,184 | | 5,72,184 |
| Secured Borrowings | 24,47,020 | 2,99,790 | 27,46,810 |
| Unsecured Borrowings | 13,44,646 | 1,12,810 | 14,57,456 |
| Interest accrued but not due on borrowings | 80,871 | | 80,871 |
| Debenture issue expenses | 6,361 | | 6,361 |
| Total Debt Funds | 38,78,898 | 4,12,600 | 42,91,498 |

Note: The maximum amount proposed to be issued is assumed to be secured borrowing by the Company

Note: Under IND AS 32 Financial Instruments ; Presentation, the Compulsorily Convertible Cumulative Preference Shares (CCCPS) and dividend accrued thereon of Rs. 188,946 lakhs have been classified under borrowings and other financial liabilities in the financial statements. Networth has been calculated as per section 2(57) of Companies Act, 2013 and included CCCPS held entirely by the Parent Company of Rs.188,900 lakhs. Debt Equity Ratio has been calculated as (Outstanding Debt - CCCPS and dividend accrued thereon) / (Shareholder's funds)

For and on behalf of Tata Capital Financial Services Limited


Authorised Signatory



TATA CAPITAL FINANCIAL SERVICES LIMITED

Corporate Identity Number U67100MH2010PLC210201

11th Floor Tower A Peninsula Business Park Ganpatrao Kadam Marg Lower Parel Mumbai 400 013

Tel 91 22 6606 9000 Web www.tatacapital.com

Registered Office 11th Floor Tower A Peninsula Business Park Ganpatrao Kadam Marg Lower Parel Mumbai 400 013

Independent Auditor's Examination Report On Reformatted Consolidated Financial Information

To, The Board of Directors
Tata Capital Financial Services Limited

Dear Sirs

- 1 We have examined the attached Reformatted Consolidated Financial Information under Ind AS (defined subsequently) of Tata Capital Financial Services Limited ('the Company') and its associates, comprising the Reformatted Consolidated Statement of Assets and Liabilities as at 31 March 2019, the Reformatted Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Reformatted Consolidated Statement of Changes in Equity, Reformatted Consolidated Statement of Cash Flows for the year ended 31 March 2019, the Summary of Significant Accounting Policies, and other explanatory information (collectively, the "Reformatted Consolidated Financial Information under Ind AS"), as approved by the Working Committee of the Company at their meeting held on 2 August 2019 annexed to this report for the purpose of inclusion in the Tranche II Prospectus (the "**Offering Document**") prepared by the Company in connection with its proposed issue of secured redeemable non-convertible debentures face value of Rs. 1,000 each ("Secured NCDs") up to Rs. 299,790 lakhs and unsecured, subordinated, redeemable, non-convertible debentures of face value of Rs 1,000 each ("Unsecured NCDs") up to Rs. 112,810 lakhs, aggregating up to Rs. 412,600 lakhs (the "Tranche II Issue"), prepared in terms of the requirements of :
 - a. Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");
 - b. the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ('the SEBI Debt Regulations') issued by Securities and Exchange Board of India ('SEBI'); and
 - c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Company's Board of Directors is responsible for the preparation of Reformatted Consolidated Financial Information under Ind AS for the purpose of inclusion in the Tranche II Prospectus to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Maharashtra (RoC) in connection with the proposed Tranche II Issue. The Reformatted Consolidated Financial Information under Ind AS have been prepared by the management of the Company on the basis of preparation stated in note 2 to the Reformatted Consolidated Financial Information under Ind AS. The respective Board of Directors of the Company and its associates' responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of Reformatted Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, SEBI Debt Regulations, and the Guidance Note.

NA

3. We have examined such Reformatted Consolidated Financial Information under Ind AS taking into consideration:
 - a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 31 July 2019 in connection with the Tranche II Issue;
 - b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Consolidated Financial Information; and
 - d. The requirements of Section 26 of the Act and the SEBI Debt Regulations and the Guidance Note in connection with the issuance. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI Debt Regulations and the Guidance Note in connection with the Tranche II Issue;
4. The Reformatted Consolidated Financial Information under Ind AS have been extracted by the management from the audited Consolidated financial statements of the Company and its associates as at and for the year ended 31 March 2019 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, which were approved by Board of Directors of the Company at their meeting held on 30 April 2019.
5. As indicated in our audit reports above:
 - (a) We did not audit the financial statements of three associates of the Company whose financial statements reflect the consolidated entities' share of net loss (and other comprehensive income) of Rs. 429 lakhs for the year ended 31 March 2019. These financial statements are unaudited and have been furnished to us by management, and our opinion, insofar as it relates to the amounts included in respect of such associate, is based solely on such unaudited financial statements.
 - (b) The comparative financial information of the Company and its associates for the transition date opening balance sheet as at 1 April 2017 included in these Consolidated Financial Statements are based on the previously issued statutory financial statements for the year ended 31 March 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report dated 28 April 2017 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us

Our opinion was not modified in respect of above matters.

6. Based on our examination and according to the information and explanations given to us, we report that the Reformatted Consolidated Financial Information of the Group as at and for the year ended 31 March 2019 examined by us, as set out in Annexure I to III to this report are accurately extracted from the audited Consolidated financial statements of the Group for the year ended 31 March 2019. Based on our examination as above, we further report that the Reformatted Consolidated Financial Information have to be read in conjunction with the notes given in Annexure IV.



Tata Capital Financial Services Limited

2 August 2019

Page 3 of 3

7. The Reformatted Consolidated Financial Information prepared under Ind AS do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements mentioned in paragraph 4 above.
8. At the Company's request, we have also examined the following financial information proposed to be included in the Offering Document prepared by the management and approved by the Working Committee of the Company and annexed to this report relating to the Company for the year ended 31 March 2019:
 - a) Statement of accounting ratios, as appearing in Annexure V
 - b) Statement of dividend paid, as appearing in Annexure VI
 - c) Statement of capitalisation, as appearing in Annexure VII
9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. This report is intended solely for use of the Board of Directors for inclusion in the Offering Document to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Maharashtra (RoC), as applicable, prepared in connection with the Tranche II Issue of the Company. Our report should not be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

Chartered Accountants

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

Manoj Kumar Vijai

Partner

Membership No: 046882

ICAI UDIN: 19046882AAAAEV7768

Date: 2 August 2019

Place: Mumbai

TATA CAPITAL FINANCIAL SERVICES LIMITED
REFORMATTED CONSOLIDATED BALANCE SHEET

(Rs. in lakh)

| Particulars | Note | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|------|-------------------------|-------------------------|------------------------|
| ASSETS | | | | |
| (1) Financial assets | | | | |
| (a) Cash and cash equivalents | 4 | 25,163 | 8,128 | 7,337 |
| (b) Bank balances other than (a) above | 5 | 36 | 4,462 | 3 |
| (c) Derivative financial instruments | | - | - | - |
| (c) Receivables | | | | |
| (i) Trade receivables | 6 | 3,454 | 6,675 | 2,001 |
| (ii) Other receivables | | - | - | - |
| (d) Loans | 7 | 4,462,397 | 3,698,664 | 3,228,049 |
| (e) Investments | 8 | 38,159 | 30,281 | 26,950 |
| (f) Other financial assets | 9 | 40,045 | 64,666 | 53,890 |
| Total financial assets | | 4,569,254 | 3,812,876 | 3,318,230 |
| (2) Non-financial assets | | | | |
| (a) Current tax assets (net) | 10 | 8,797 | 6,265 | 5,818 |
| (b) Deferred tax assets (net) | 10 | 64,324 | 62,684 | 70,970 |
| (c) Investment property | | - | - | - |
| (d) Property, plant and equipment | 11 | 91,487 | 69,000 | 77,052 |
| (e) Capital work-in-progress | | 62 | 101 | 518 |
| (f) Intangible assets under development | | 108 | 39 | 655 |
| (g) Goodwill | | - | - | - |
| (h) Other intangible assets | 11 | 2,179 | 2,314 | 1,109 |
| (i) Other non-financial assets | 12 | 47,743 | 36,705 | 26,216 |
| Total non-financial assets | | 214,700 | 177,108 | 182,338 |
| Total Assets | | 4,783,954 | 3,989,984 | 3,500,568 |
| LIABILITIES AND EQUITY | | | | |
| LIABILITIES | | | | |
| (1) Financial liabilities | | | | |
| (a) Derivative financial instruments | 30 | - | 98 | - |
| (b) Payables | | | | |
| (i) Trade payables | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 13 | 55,910 | 52,566 | 44,537 |
| (c) Debt Securities | 14 | 1,609,148 | 1,232,147 | 1,269,788 |
| (d) Borrowings (Other than debt securities) | 15 | 2,041,658 | 1,780,252 | 1,311,798 |
| (e) Deposits | | - | - | - |
| (f) Subordinated liabilities | 16 | 329,760 | 272,040 | 239,777 |
| (g) Other financial liabilities | 17 | 148,714 | 165,535 | 148,720 |
| Total financial liabilities | | 4,185,190 | 3,502,638 | 3,014,620 |
| (2) Non-Financial liabilities | | | | |
| (a) Current tax liabilities (net) | 10 | 13,110 | 10,114 | 8,575 |
| (b) Provisions | 18 | 152,241 | 158,057 | 200,561 |
| (c) Other non-financial liabilities | 19 | 28,923 | 23,195 | 16,822 |
| Total non-financial liabilities | | 194,274 | 191,366 | 225,958 |
| (3) Equity | | | | |
| (a) Share capital | 20 | 137,556 | 129,755 | 129,755 |
| (b) Other equity | 21 | 266,934 | 166,225 | 130,235 |
| Total Equity | | 404,490 | 295,980 | 259,990 |
| Total Liabilities and Equity | | 4,783,954 | 3,989,984 | 3,500,568 |
| Summary of significant accounting policies | 2 | | | |
| See accompanying notes forming part of the financial statements | 1-50 | | | |

In terms of our report of even date

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms Registration No – 101248W/W-100022

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

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

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

Manoj Kumar Vijai
Partner
Membership No: 046882

Kusal Roy
(Managing Director)
(DIN No. : 02268654)

Puneet Sharma
(Chief Financial Officer)

Avan Doomasia
(Company Secretary)

Place: Mumbai
Date : August , 2019

REFORMATTED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

| (Rs. in lakh) | | | |
|---|------|-----------------------------------|-----------------------------------|
| Particulars | Note | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
| I Revenue from operations | | | |
| (i) Interest income | 22 | 481,069 | 392,838 |
| (ii) Dividend income | | 503 | 249 |
| (iii) Rental income | | 34,200 | 25,555 |
| (iv) Fees and commission income | | 8,602 | 8,526 |
| (v) Net gain on fair value changes | 23 | 16,814 | - |
| (vi) Net gain on derecognition of investment in associates | | 11,780 | - |
| Total Revenue from operations | | 552,968 | 427,168 |
| II Other income | 24 | 5,598 | 7,644 |
| III Total Income (I+II) | | 558,566 | 434,812 |
| IV Expenses | | | |
| (i) Finance costs | 25 | 312,501 | 234,316 |
| (ii) Fees and commission expense | | - | - |
| (iii) Net loss on fair value changes | 23 | - | 1,772 |
| (iv) Impairment of investment in associates | | - | 585 |
| (v) Impairment on financial instruments | 27 | 45,153 | 18,305 |
| (vi) Employee benefits expense | 26 | 45,476 | 40,612 |
| (vii) Depreciation and amortisation and impairment | 11 | 27,422 | 23,637 |
| (viii) Other expenses | 28 | 62,653 | 47,588 |
| Total expenses (IV) | | 493,205 | 366,815 |
| V Profit before exceptional items and tax (III-IV) | | 65,361 | 67,997 |
| VI Exceptional Items | | - | - |
| VII Profit before tax (V-VI) | | 65,361 | 67,997 |
| VIII Tax expense | | | |
| (1) Current tax | | 23,390 | 19,981 |
| (2) Deferred tax | | (1,739) | 8,268 |
| Net tax expense | | 21,651 | 28,249 |
| Profit for the year from continuing operations (VII-VIII) | | 43,710 | 39,748 |
| IX (VII-VIII) | | 43,710 | 39,748 |
| X Share of profit / (loss) of equity accounted investees (net of tax) | | (429) | 545 |
| XI Profit for the year from continuing operations (IX-X) | | 43,281 | 40,293 |
| XII Profit from discontinued operations before tax | | - | - |
| XIII Tax expense of discontinued operations | | - | - |
| XIV Profit from discontinued operations (after tax) (XI-XII) | | - | - |
| XV Profit for the year (IX+XIII) | | 43,281 | 40,293 |
| XVI Other Comprehensive Income | | | |
| A (i) Items that will be reclassified subsequently to statement of profit and loss | | | |
| (a) Fair value gain on Financial Assets carried at FVTOCI | | 283 | 52 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | (99) | (18) |
| (i) Items that will not be reclassified subsequently to statement of profit and loss | | | |
| - Remeasurement of defined employee benefit plans | | (548) | 74 |
| - Share of OCI of associates | | (253) | 264 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | 191 | (26) |
| Total Other Comprehensive Income/(Losses) | | (426) | 346 |
| XVII Total Comprehensive Income for the year (XIV+XV)(Comprising Profit and Other Comprehensive Income for the year) | | 42,855 | 40,639 |
| XVIII Earnings per equity share (for continuing operation): | | | |
| (1) Basic | | 3.74 | 3.52 |
| (2) Diluted | | 3.74 | 3.52 |
| XIX Earnings per equity share (for discontinuing operation): | | | |
| (1) Basic | | - | - |
| (2) Diluted | | - | - |
| XX Earnings per equity share (for continuing & discontinued operations) | | | |
| (1) Basic | | 3.74 | 3.52 |
| (2) Diluted | | 3.74 | 3.52 |
| Summary of significant accounting policies | 2 | | |
| See accompanying notes forming part of the financial statements | 1-50 | | |

In terms of our report of even date

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
Firms Registration No – 101248W/W-100022

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

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

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

Manoj Kumar Vijai
Partner
Membership No: 046882

Kusal Roy
(Managing Director)
(DIN No. : 02268654)

Puneet Sharma
(Chief Financial Officer)

Avan Doomasia
(Company Secretary)

Place: Mumbai
Date : August , 2019

TATA CAPITAL FINANCIAL SERVICES LIMITED
REFORMATTED STATEMENT OF CHANGES IN EQUITY

a. Equity share capital

| Particulars | Note | Rs. in Lakh |
|---|------|----------------|
| Balance as at April 1, 2017 | | 129,755 |
| Changes in equity share capital during the year | 20 | - |
| Balance at March 31, 2018 | | 129,755 |
| Changes in equity share capital during the year | 20 | 7,801 |
| Balance at March 31, 2019 | | 137,556 |

b. Other equity

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | | | Debt instruments through Other Comprehensive Income | Share options outstanding account | Remeasurement of defined benefit liability /asset | Fair value gain / (loss) on Financial Assets carried at FVTOCI | Share of OCI of Associates | General Reserve | Total equity |
|---|--|----------------------|------------------------------|-------------------------|-------------------|---|-----------------------------------|---|--|----------------------------|-----------------|----------------|
| | | Securities premium | Debenture Redemption Reserve | Special Reserve Account | Retained earnings | | | | | | | |
| Balance at April 1, 2017 | - | 88,942 | 30,000 | 25,750 | (14,457) | - | - | - | - | - | - | 130,235 |
| Profit for the year | - | - | - | - | 40,293 | - | - | - | - | - | - | 40,293 |
| Other comprehensive income for the period, net of income tax | - | - | - | - | - | - | - | 48 | 34 | 264 | - | 346 |
| Total comprehensive income for the period | - | 88,942 | 30,000 | 25,750 | 25,836 | - | - | 48 | 34 | 264 | - | 170,874 |
| Interim Dividend on equity shares (including tax on dividend) | - | - | - | - | (5,466) | - | - | - | - | - | - | (5,466) |
| Transfer to stock reserve - equity settled options | - | - | - | - | - | - | 655 | - | - | - | 162 | 817 |
| Transfer to Special Reserve Account | - | - | - | 9,651 | (9,651) | - | - | - | - | - | - | - |
| Balance at March 31, 2018 | - | 88,942 | 30,000 | 35,401 | 10,719 | - | 655 | 48 | 34 | 264 | 162 | 166,225 |
| Profit for the period | - | - | - | - | 43,281 | - | - | - | - | - | - | 43,281 |
| Other comprehensive income for the period, net of income tax | - | - | - | - | - | - | - | (357) | 184 | (253) | - | (426) |
| Total comprehensive income for the period | - | - | - | - | 43,281 | - | - | (357) | 184 | - | 253 | 42,855 |
| Interim Dividend on equity shares (including tax on dividend) | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to stock reserve - equity settled options | - | - | - | - | - | - | (119) | - | - | - | 267 | 148 |
| Premium on issue of Equity Shares | - | 57,799 | - | - | - | - | - | - | - | - | - | 57,799 |
| Share issue expenses | - | (93) | - | - | - | - | - | - | - | - | - | (93) |
| Transfer to Special Reserve Account | - | - | - | 11,495 | (11,495) | - | - | - | - | - | - | - |
| Balance at March 31, 2019 | - | 146,648 | 30,000 | 46,896 | 42,505 | - | 536 | (309) | 218 | 11 | 429 | 266,934 |

See accompanying notes forming part of the financial statements

In terms of our report of even date

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
Firms Registration No – 101248W/W-100022

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

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

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(DIN No. : 06702919)

Manoj Kumar Vijai
Partner
Membership No: 046882

Kusal Roy
(Director)
(DIN No. : 02268654)

Puneet Sharma
(Chief Financial Officer)

Avan Doomasia
(Company Secretary)

Place: Mumbai
Date : August , 2019

TATA CAPITAL FINANCIAL SERVICES LIMITED
REFORMATTED CONSOLIDATED CASH FLOW STATEMENT

(Rs. in lakh)

| Particulars | Not e No. | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|-----------------|---|---|
| 1 CASH FLOW USED IN OPERATING ACTIVITIES | | | |
| Profit before tax | | 65,361 | 67,997 |
| Adjustments for : | | | |
| Depreciation and amortisation | | 27,422 | 23,637 |
| Net gain/(loss) on derecognition of property, plant and equipment | | (198) | (1,059) |
| Interest expenses | | 258,332 | 191,667 |
| Discounting charges on commercial paper | | 53,675 | 42,201 |
| Discounting charges on debentures | | 494 | 448 |
| Interest income | | (481,069) | (392,838) |
| Dividend Income | | (503) | (249) |
| Net gain on fair value changes | | | |
| - Realised | | (9,087) | 601 |
| - Unrealised | | (7,727) | 1,171 |
| Net gain on derecognition of investment in Associates | | (11,780) | - |
| Impairment of investment in Associates | | - | 585 |
| Share based payments- Equity-settled | | 148 | 817 |
| Provision for leave encashment | | 316 | 79 |
| Contingent provision against Standard Assets | | 8,923 | 7,393 |
| Provision against Restructured Advances | | (325) | (1,448) |
| Provision for doubtful loans (net) | | 36,591 | 12,100 |
| Provision against trade receivables | | (36) | 260 |
| Provision against assets held for sale | | 1,446 | 1,405 |
| Operating Loss before working capital changes and adjustments for interest received, interest paid and dividend received | | (58,016) | (45,233) |
| Adjustments for : | | | |
| Increase in trade receivables | | 3,257 | (4,934) |
| (Increase) / Decrease in Loans | | (790,372) | (524,100) |
| (Increase) / Decrease in other financial/non financial assets | | 2,092 | (36,930) |
| (Increase) / Decrease in other financial/ non financial liabilities | | 467 | 58,310 |
| Cash used in operations before adjustments for interest received, interest paid and dividend received | | (842,572) | (552,886) |
| Interest paid | | (289,637) | (231,554) |
| Interest received | | 457,714 | 389,035 |
| Dividend received | | 503 | 249 |
| Cash used in operations | | (673,992) | (395,156) |
| Taxes paid | | (22,735) | (18,889) |
| NET CASH USED IN OPERATING ACTIVITIES | | (696,727) | (414,045) |
| 2 CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment (including capital advances) | | (55,763) | (30,837) |
| Proceeds from sale of property, plant and equipment | | 1,739 | 7,304 |
| Purchase of investments | | (3,911) | (4,334) |
| Purchase of mutual fund units | | (25,263,615) | (389,500) |
| Proceeds from redemption of mutual fund units | | 25,270,958 | 389,572 |
| Proceeds from sale of investments | | 16,602 | 404 |
| Fixed deposits - matured / (placed) | | 4,400 | (4,459) |
| NET CASH (USED IN) / FROM INVESTING ACTIVITIES | | (29,590) | (31,850) |
| 3 CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Issue of Compulsory Convertible Cumulative Preference share capital | | 102,500 | 57,500 |
| Collection of Loan given to "TCL Employees Welfare Trust" | | 1,016 | - |
| Share issue expenses | | (93) | |
| Debenture issue / loan processing expenses | | (6,478) | (539) |
| Interim dividend paid on equity and preference shares (including dividend distribution tax) | | (14,154) | (15,968) |
| Proceeds from borrowings (Other than debt securities) | | 5,453,127 | 2,327,530 |
| Proceeds from Debt Securities and Subordinated liabilities | | 932,340 | 719,462 |
| Repayment of Borrowings (Other than debt securities) | | (5,231,597) | (1,915,932) |
| Repayment of Debt Securities and Subordinated liabilities | | (493,308) | (725,368) |
| NET CASH FROM FINANCING ACTIVITIES | | 743,353 | 446,685 |

| Particulars | Note No. | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|----------|-----------------------------------|-----------------------------------|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 17,036 | 791 |
| CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR | | 8,075 | 7,284 |
| CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR | | 25,111 | 8,075 |
| Reconciliation of cash and cash equivalents as above with cash and bank balances | | | |
| Cash and Cash equivalents at the end of the year as per above | | 25,111 | 8,075 |
| Add : Restricted Cash [Refer note 4 (ii)] | | 52 | 53 |
| Add: Fixed deposits with original maturity over 3 months | | 36 | 4,462 |
| CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES AS AT THE END OF THE YEAR [REFER NOTE 4 & 5] | | 25,199 | 12,590 |
| Summary of significant accounting policies | 2 | | |
| See accompanying notes forming part of the financial statements | 1-50 | | |

In terms of our report of even date

For and on behalf of the Board of Directors

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

Chartered Accountants

Firms Registration No – 101248W/W-100022

Rajiv Sabharwal

(Director)

(DIN No. : 00057333)

F.N. Subedar

(Director)

(DIN No. : 00028428)

Anuradha E. Thakur

(Director)

(DIN No. : 06702919)

Manoj Kumar Vijai

Partner

Membership No: 046882

Kusal Roy

(Managing Director)

(DIN No. : 02268654)

Puneet Sharma

(Chief Financial Officer)

Avan Doomasia

(Company Secretary)

Place: Mumbai

Date : August , 2019

TATA CAPITAL FINANCIAL SERVICES LIMITED

Notes forming part of the Reformatted Consolidated Financial Statements

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

i. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. The Company has adopted Ind AS from April 1, 2018 with effective transition date as April 1, 2017. These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"). The transition was carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no 3.

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 to the Companies Act, 2013 ("the Act")-. The Statement of Cash Flows has been prepared and

presented as per the requirements of Ind AS. Amounts in the financial statements are presented in Indian Rupees in Lakh-.

iii. Basis of preparation and presentation

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.

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.

Fair value for measurement and/or disclosure purposes for certain items in these financial statements is determined considering following 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 value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which 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 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 measurement date.

iv. Principles of Consolidation

The consolidated financial statements relate to Tata Capital Financial Services Limited (the "Company") and the Company's share of profit / loss in its associates. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of associate used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2019 or upto the date on which it ceased to be an associate of the Company whichever is earlier.
- b) The consolidated financial statements include the share of profit/ (loss) of associate company, which have been accounted for using the equity method as per Ind AS 28 (Investment in Associates). Accordingly, the share of profit/ (loss) of the associate company (the loss being restricted to the cost of the investment) has been added/deducted to the costs of investments.
- c) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the consolidated financial statements as Goodwill or Capital Reserve as the case may be and adjusted against the carrying amount of investment in the associate.

v. Use of estimates and judgements

The preparation of financial statements 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 effects are disclosed in the notes to the financial statements.

Judgements:

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

- Note ix - 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 uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2109 is included in the following notes:

- Note ix – impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.
- Note 29 – determination of the fair value of financial instruments with significant unobservable inputs.
- Note xii – measurement of defined benefit obligations: key actuarial assumptions.
- Note xviii – recognition of deferred tax assets: availability of future taxable profit against which carry forward deferred tax asset can be set off.
- Notes xx– recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note ix – impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
- Note x- impairment test of non-financial assets: key assumption underlying recoverable amounts.
- Note x - useful life of property, plant, equipment and intangibles.

vi. Interest

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

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

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

The interest cost is calculated by applying the EIR to the amortised cost of the financial liability.

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.

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

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

vii. Income from services and distribution of financial products

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

Revenue from brokerage is recognised when the service is performed. Trail brokerage is recognised at the end of the measurement period when the pre-defined thresholds are met. Revenue is net of applicable indirect taxes and sub-brokerage.

viii.Dividend income

Income from dividend on investment in equity shares of corporate bodies and units of mutual funds is accounted when the Company's right to receive dividend is established.

ix. Leases

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

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

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

x. Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet on settlement date when the Company becomes a party to the contractual provisions of the instrument.

Recognised 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 at FVTPL) 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 directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Profit or Loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- a) if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- b) in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

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).

Initial recognition and measurement

Financial asset is recognised on trade date initially at cost of acquisition net of transaction cost and income that is attributable to the acquisition of the financial asset. Cost equates the fair value on acquisition. Financial asset measured at amortised cost and Financial measured at fair value through other comprehensive income is presented at gross carrying value in the Financial statements. Unamortised transaction cost and incomes and impairment allowance on Financial asset is shown separately under the heading "Other non-financial asset", Other non-financial liability" and "Provisions" respectively.

Assessment of Business model

An assessment of the applicable business model for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company could have more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. The Company takes into account all relevant evidence available such as:

- 1) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel and board of directors;

- 2) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- 3) 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).
- 4) At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business models each reporting period to determine whether the business model/(s) have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business model.

Based on the assessment of the business models, the Company has identified the three following choices of classification of financial assets:

- a) Financial assets that are held within a business model whose objective is to collect the contractual cash flows ("Asset held to collect contractual cash-flows"), and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are measured at amortised cost;
- b) Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ("Contractual cash flows of Asset collected through hold and sell model") and that have contractual cash flows that are SPPI, are measured at FVTOCI.
- c) All other financial assets (e.g. managed on a fair value basis, or held for sale) and equity investments are measured at FVTPL.

Financial asset at amortised cost

Amortised cost of financial asset is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount

may change over the life of the financial asset (e.g. if there are repayments of principal). Contractual cash flows that do not introduce exposure to risks or volatility in the contractual cash flows on account of changes such as equity prices or commodity prices and are related to a basic lending arrangement, do give rise to SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

The EIR amortisation is included in finance income in the profit and loss statement. The losses arising from impairment are recognised in the profit and loss statement.

Financial asset at fair value through Other Comprehensive Income (FVTOCI)

After initial measurement, basis assessment of the business model as "Contractual cash flows of Asset collected through hold and sell model and SPPI", such financial assets are classified to be measured at FVOCI. Contractual cash flows that do introduce exposure to risks or volatility in the contractual cash flows due to changes such as equity prices or commodity prices and are unrelated to a basic lending arrangement, do not give rise to SPPI.

The EIR amortisation is included in finance income in the profit and loss statement. The losses arising from impairment are recognised in the profit and loss statement. The carrying value of the financial asset is fair valued by discounting the contractual cash flows over contractual tenure basis the internal rate of return of a new similar asset originated in the month of reporting and such unrealised gain/loss is recorded in other comprehensive income (OCI). Where such a similar product is not originated in the month of reporting, the closest product origination is used as a proxy. Upon sale of the financial asset, actual the gain/loss realised is recorded in the profit and loss statement and the unrealised/gain losses recorded in OCI are recycled to the statement of profit and loss.

Financial asset at fair value through profit and loss (FVTPL)

Financial asset, which does not meet the criteria for categorization at amortized cost or FVOCI, is classified as at FVTPL. In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or FVOCI criteria, as FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to

as 'accounting mismatch'). Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Investment in equity, security receipt, mutual fund, non-cumulative redeemable preference shares and cumulative compulsorily convertible preference shares

Investment in equity, security receipt, mutual fund, non-cumulative redeemable preference shares and cumulative compulsorily convertible preference shares are classified as FVTPL and measured at fair value with all changes recognised in the statement of profit and loss. Upon initial recognition, the Company, on an instrument-by-instrument basis, may elect to classify equity instruments other than held for trading either as FVTOCI or FVTPL. Such election is subsequently irrevocable. If FVTOCI is elected, all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the gains or losses from OCI to the statement of profit and loss, even upon sale of investment. However, the Company may transfer the cumulative gain or loss within other equity upon realisation.

Investment in associates:

The Company has elected to measure Investment in associates at cost.

Reclassifications within classes of financial assets

A change in the business model would lead to a prospective re-classification of the financial asset and accordingly the measurement principles applicable to the new classification will be applied. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment of Financial Asset

Impairment approach

The Company is required to recognise expected credit losses (ECLs) based on forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. No impairment loss is applicable on equity investments.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 1), an allowance (or provision) should be recognised for the lifetime ECLs for financial instruments for which the credit risk has increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3).

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

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The Company applies a three-stage approach to measure ECL on financial assets accounted for at amortised cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

1. Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is

recognised. Exposures with days past due (DPD) less than or equal to 29 days are classified as stage 1. The Company has identified zero bucket and bucket with DPD less than or equal to 29 days as two separate buckets.

2. Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Exposures with DPD equal to 30 days but less than or equal to 89 days are classified as stage 2. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company has identified cases with DPD equal to or more than 30 days and less than or equal to 59 days and cases with DPD equal to or more than 60 days and less than or equal to 89 days as two separate buckets.

3. Stage 3: Lifetime ECL – credit impaired

Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial asset that have become credit impaired, a lifetime ECL is recognised on principal outstanding as at period end. Exposures with DPD equal to or more than 90 days are classified as stage 3.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. ECL is recognised on EAD as at period end. If the terms of a financial asset are renegotiated or modified due to financial difficulties of the borrower, then such asset is moved to stage 3, lifetime ECL under stage 3 on the outstanding amount is applied.

The Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

1. Quantitative test: Accounts that are 30 calendar days or more past due move to Stage 2 automatically. Accounts that are 90 calendar days or more past due move to Stage 3 automatically.
2. Qualitative test: Accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring. High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress.
3. Reversal in Stages: Exposures will move back to Stage 2 or Stage 1 respectively, once they no longer meet the quantitative criteria set out above. For exposures classified using the qualitative test, when they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met

The definition of default for the purpose of determining ECLs has been aligned to the Reserve Bank of India definition of default, which considers indicators that the debtor is unlikely to pay and is no later than when the exposure is more than 90 days past due. The Company continues to incrementally provide for the asset post initial recognition in Stage 3, based on its estimate of the recovery.

In line with the above policy, the Company has thus fully provided for/ written off the entire receivables in the current financial year

as per table below:

| Product | Overdue criteria |
|--|---------------------|
| Loan against property | 15 months and above |
| Construction equipment, auto, commercial | 10 months and above |

| | |
|---|--------------------|
| vehicles, two wheeler and personal loan | |
| Tractor/agri products | 6 months and above |
| Consumer durables | 5 months and above |

The measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives, and estimation of EAD and assessing significant increases in credit risk.

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.

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 the asset, or the Company has neither transferred nor retained substantially all the risks and rewards 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.

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 right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the income statement.

Presentation of ECL allowance for financial asset:

| Type of Financial asset | Disclosure |
|--|--|
| Financial asset measured at amortised cost | shown separately under the head “provisions” and not as a deduction from the gross carrying amount of the assets |
| Financial assets measured at FVTOCI | |
| Loan commitments and financial guarantee contracts | shown separately under the head “provisions” |

Where a financial instrument includes both a drawn and an undrawn component and the Company cannot identify the ECL on the loan commitment separately from those on the drawn component, the Company presents a combined loss allowance for both components under “provisions”.

Financial liability, Equity and Compound Financial Instruments

Financial liabilities 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.

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 at amortised cost" except for financial liability at fair value through profit and loss (FVTPL).

Initial recognition and measurement

Financial liability is recognised initially at cost of acquisition net of transaction costs and incomes that is attributable to the acquisition of the financial liability. Cost equates the fair value on acquisition. Company may irrevocably designate a financial liability that meet the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

De-recognition of financial liabilities

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

Equity

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

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

Compound instruments

The component parts of compound instruments (e.g. cumulative compulsorily convertible preference shares CCCPS) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in profit or loss upon conversion or expiration of the conversion option.

A Cumulative Compulsorily Convertible Preference Shares (CCCPS), with an option to holder to convert the instrument in to variable number of equity shares of the entity upon redemption is classified as a financial liability and dividend including dividend distribution tax is accrued on such instruments and recorded as finance cost.

b) Derivative Financial Instruments

The Company uses derivative financial instrument such as foreign currency forward cover contract to mitigate foreign exchange rate risk. Derivatives are initially recognised at fair value as on the date of entering into a derivative contract and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain/loss is recognised in profit or loss immediately since the derivative is not designated as a hedging instrument. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

c) Cash, Cash equivalents and bank balances

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

xi. Property, plant and equipment

a. Tangible

Tangible property, plant and equipment (PPE) acquired by the Company are reported at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. The acquisition cost includes any cost attributable for bringing asset to its working condition net of tax/duty credits availed, which comprises of purchase consideration, 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.

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. Intangible

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise 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 acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Expenses on software

support and maintenance are charged to the Statement of Profit and Loss during the year in which such costs are incurred.

d. Intangible assets under development

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

e. Depreciation and Amortisation

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

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

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

Estimated useful life considered by the Company are:

| Asset | Estimated Useful Life |
|-------------------------------------|------------------------------|
| Leasehold Improvements | As per lease period |
| Construction Equipment | 2 to 13.5 years |
| Furniture and Fixtures | Owned: 10 years |
| | Leased: 3 to 7 years |
| Computer Equipment | Owned: 3 to 4 years |
| | Leased: 2 to 4 years |
| Office Equipment | Owned: 5 years |
| | Leased: 3 to 5 years |
| Vehicles | Owned: 4 years |
| | Leased: 1 to 5 years |
| Software Licenses | Owned: 1 to 10 years |
| | Leased: 1 to 3 years |
| Buildings | 25 years |
| Plant & Machinery | Owned: 10 years |
| | Leased: 2 to 15 years |
| Railway Wagons | Leased: 6 years |
| Electrical Installation & Equipment | Leased: 3 to 6 years |
| Networking Assets | Leased: 2 to 4 years |

f. Reclassification to 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. When the use of an existing property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

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

g. Impairment of assets

Upon an observed trigger or at the end of each accounting year, 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 costs 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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment

loss is recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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

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

The Company has a policy to make impairment provision at one third of the value of the Asset for each year upon completion of three years upto the end of five years.

xiii.Employee Benefits

Defined Employee benefits include provident fund, superannuation fund, employee state insurance scheme,

Defined contribution benefits includes gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss in the year in which they occur. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company. The Company is generally liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the employee provident scheme, 1952 is recognised as an expense in the year in which it is determined.

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

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Re-measurement 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 immediately in OCI. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become 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 year 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.

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.

Share based payment transaction

The stock options of the Parent Company is granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The amount recognised as expense is based on the estimate of the number of options for which

the related service and non-market and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of options that do meet the related service and non-market vesting conditions at the vesting date. For share-based options with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the options is treated as discount and accounted as employee compensation cost 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 an expense in respect of such grant is transferred to the general reserve within other equity, which a free reserve in nature.

xiv. Securities premium account

The Company records premium on account of

1. On issuance of new equity shares;
2. On conversion of CCCPS into equity shares

The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

xv. Foreign currencies transactions

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

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

xvi. Operating Segments

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

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

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

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

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

xvii. Investments in Associates

The Company has elected to measure investment in associate at cost plus profit pick up.

xviii. Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive

xix. Taxation

Income Tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

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 asset 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. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognized 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.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

xix. Goods and Services Input Tax Credit

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

xx. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

- (i) an entity has a present obligation (legal or constructive) as a result of a past event; and
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- (i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- (ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. 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.

Contingent assets are not recognised in the financial statements

xxi. Commitments

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

- a) estimated amount of contracts remaining to be executed on capital account and not provided for;

- b) 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

xxii. Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- i. changes during the period in operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and
- iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

xxiii. Dividend payable (including dividend distribution tax)

Interim dividend declared to equity shareholders, if any, is recognised as liability in the period in which the said dividend has been declared by the Directors. Final dividend declared, if any, is recognised in the period in which the said dividend has been approved by the Shareholders.

xxiv. FIRST TIME ADOPTION OF IND AS (read with note 2(i))

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2018, with a transition date of 1st April, 2017. The financial statements for the year ended **March 31, 2019** are the first financial statements, the Company has prepared under Ind AS. For all periods up to and including the year ended 31st March, 2018, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for the year ended March 31, 2018 and the opening Ind AS Balance Sheet as at April 1, 2017, the date of transition to Ind AS and also as at March 31, 2018.

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as in Note 3. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). Note 3 explains the adjustments made by the Company in restating its financial statements prepared under previous GAAP, including the statement of profit and loss account for the year ended March 31, 2018 and the Balance Sheet as at April 1, 2017 and as at March, 31 2018.

3. EXPLANATION OF TRANSITION TO IND AS

These financial statements have been prepared in accordance with Ind AS as notified by ministry of corporate affairs under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Act.

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2018. Previous year have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under IGAAP to Ind AS of Shareholders' equity as at March 31, 2018 and April 1, 2017 and of the comprehensive net income for the period ended March 31, 2018.

This note explains the principal adjustments made by the Company in restating its IGAAP financial statements, including the balance sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018 and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance.

Exemptions from retrospective application:

The Company has applied the following exemptions:

(a) Investments in associates

The Company has elected to adopt the carrying value under IGAAP as on the date of transition i.e. April 1, 2017, measured investment in associate at cost plus profit pick up.

Reconciliations between IGAAP and Ind AS

(i) Equity reconciliation

(Rs. in lakh)

| Particulars | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|------------------------|
| Equity as reported under IGAAP | 496,948 | 406,949 |
| Adjusted for reduction: | | |
| a Reclassification of Cumulative Compulsorily Convertible Preference shares (CCCPS) to Borrowings | (152,000) | (94,500) |
| b Dividend accrued on CCCPS and dividend distribution tax thereon | (81) | - |
| c Impairment allowance on Financial Instruments measured at Amortised cost and trade receivables | (51,083) | (62,106) |
| d Impact of EIR method on Financial Instruments measured at Amortised cost | (21,716) | (17,346) |
| e Impact of EIR method on other financial assets measured at amortised cost | 35 | - |
| f Net fair value loss on Investment at FVTPL | (1,296) | (494) |
| g Fair value gain on Financial Assets carried at FVTOCI | 34 | - |
| Adjusted for addition: | | |
| a Net Deferred tax asset on above adjustments | 25,140 | 27,487 |
| Equity under Ind AS | 295,980 | 259,990 |

(ii) Total Comprehensive income reconciliation

(Rs. in lakh)

| Particulars | As at March 31, 2018 |
|---|----------------------------|
| Net profit as reported under IGAAP | 48,259 |
| Add /(Less) : | |
| Impairment allowance on Financial Instruments measured at Amortised cost and FVTOCI | 11,023 |
| Impact of EIR method on Financial Instruments measured at Amortised cost and FVTOCI | (4,370) |
| Impact of EIR method on other financial assets measured at amortised cost | 35 |
| Dividend accrued on CCCPS and dividend distribution tax thereon | (10,643) |
| Net Fair value gain/(loss) on Investment measured at FVTPL | (802) |
| Amortisation of Option cost for Equity settled ESOP's | (817) |
| Remeasurement of the defined benefit obligation | (74) |
| Share of profit / (loss) of equity accounted investees | 268 |
| Income tax relating to remeasurement of the defined benefit obligation | 26 |
| Net Deferred tax charged on above adjustments | (2,347) |
| Net profit under Ind AS | 40,557 |
| Other comprehensive income (OCI) | - |
| Remeasurement of the defined benefit obligation | 74 |
| Income tax relating to remeasurement of defined benefit obligation | (26) |
| Fair value gain / (loss) on Financial Assets carried at FVTOCI | 52 |
| Income tax relating to fair value gain/(loss) on Financial Assets carried at FVTOCI | (18) |
| Total Comprehensive income under Ind AS | 40,639 |

(iii) Reconciliation of Statement of Cash Flow

There are no material adjustments to the Statements of Cash Flows as reported under the Previous GAAP.

Exemptions from retrospective application:

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of Property, plant and equipment (PPE) and intangibles measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

B. Reconciliation of Balance Sheet as at March 31, 2018

(Rs. in lakh)

| Particulars | Note | Amount as per IGAAP | Reclassification | Measurement | Amount as per Ind AS |
|--|------|---------------------|------------------|-----------------|----------------------|
| ASSETS | | | | | |
| (1) Financial assets | | | | | |
| (a) Cash and cash equivalents | 4 | 8,128 | - | - | 8,128 |
| (b) Bank balances other than (a) above | 5 | 4,462 | - | - | 4,462 |
| (c) Derivative financial instruments | | - | - | - | - |
| (d) Receivables | | - | - | - | - |
| (i) Trade receivables | 6 | 6,753 | - | (78) | 6,675 |
| (ii) Other receivables | | - | - | - | - |
| (e) Loans | 7 | 3,691,324 | 7,302 | 38 | 3,698,664 |
| (f) Investments | 8 | 31,310 | - | (1,029) | 30,281 |
| (g) Other financial assets | 9 | 28,590 | 36,117 | (41) | 64,666 |
| Total financial assets | | 3,770,566 | 43,419.00 | (1,109) | 3,812,876 |
| (2) Non-financial assets | | | | | |
| (a) Current tax assets (net) | 10 | 6,265 | - | - | 6,265 |
| (b) Deferred tax assets (Net) | 10 | 37,568 | - | 25,116 | 62,684 |
| (c) Investment Property | | - | - | - | - |
| (d) Property, plant and equipment | 11 | 69,000 | - | - | 69,000 |
| (e) Capital work-in-progress | 11 | 101 | - | - | 101 |
| (f) Intangible assets under development | 11 | 39 | - | - | 39 |
| (f) Goodwill | | - | - | - | - |
| (c) Other intangible assets | 11 | 2,314 | - | - | 2,314 |
| (i) Other non-financial assets | 12 | 41,422 | - | (4,717) | 36,705 |
| Total non-financial assets | | 156,709 | - | 20,399 | 177,108 |
| Total Assets | | 3,927,275 | 43,419 | 19,290 | 3,989,984 |
| LIABILITIES AND EQUITY | | | | | |
| LIABILITIES | | | | | |
| (1) Financial liabilities | | | | | |
| (a) Derivative financial instruments | | (0) | 98 | 0 | 98 |
| (b) Payables | | - | - | - | - |
| (i) Trade payables | | - | - | - | - |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 13 | 52,664 | (98) | (0) | 52,566 |
| (c) Debt Securities | 14 | 1,232,147 | - | - | 1,232,147 |
| (d) Borrowings (Other than debt securities) | 15 | 1,628,252 | 152,000 | - | 1,780,252 |
| (e) Deposits | | - | - | - | - |
| (f) Subordinated liabilities | 16 | 272,040 | - | - | 272,040 |
| (g) Other financial liabilities | 17 | 122,035 | 43,419 | 81 | 165,535 |
| Total financial liabilities | | 3,307,138 | 195,419 | 81 | 3,502,638 |
| (2) Non-Financial liabilities | | | | | |
| (a) Current tax liabilities (Net) | 10 | 10,114 | - | - | 10,114 |
| (b) Provisions | 18 | 107,065 | - | 50,992 | 158,057 |
| (c) Other non-financial liabilities | 19 | 6,276 | - | 16,919 | 23,195 |
| Total non-financial liabilities | | 123,456 | - | 67,910 | 191,366 |
| (3) Equity | | | | | |
| (a) Share capital | 20 | 281,755 | (152,000) | - | 129,755 |
| (b) Other equity | 21 | 214,927 | - | (48,701) | 166,225 |
| Total equity | | 496,682 | (152,000) | (48,701) | 295,980 |
| Total Liabilities and Equity | | 3,927,275 | 43,419 | 19,290 | 3,989,984 |

C. Reconciliation of Balance Sheet as at April 1, 2017

(Rs. in lakh)

| Particulars | Note | Amount as per IGAAP | Reclassification | Measurement | Amount as per Ind AS |
|--|------|---------------------|------------------|-----------------|----------------------|
| ASSETS | | | | | |
| (1) Financial assets | | | | | |
| (a) Cash and cash equivalents | 4 | 7,337 | - | - | 7,337 |
| (b) Bank balances other than (a) above | 5 | 3 | - | - | 3 |
| (c) Derivative financial instruments | | - | - | - | - |
| (d) Receivables | | - | - | - | - |
| (i) Trade receivables | 6 | 2,049 | - | (48) | 2,001 |
| (ii) Other receivables | | - | - | - | - |
| (e) Loans | 7 | 3,220,747 | 7,302 | - | 3,228,049 |
| (f) Investments | 8 | 27,444 | - | (494) | 26,950 |
| (g) Other financial assets | 9 | 34,075 | 21,069 | (1,254) | 53,890 |
| Total financial assets | | 3,291,654 | 28,371.00 | (1,795) | 3,318,230 |
| (2) Non-financial assets | | | | | |
| (a) Current tax assets (net) | 10 | 5,818 | - | - | 5,818 |
| (b) Deferred tax assets (Net) | 10 | 43,483 | - | 27,487 | 70,970 |
| (c) Investment Property | | - | - | - | - |
| (d) Property, plant and equipment | 11 | 77,052 | - | - | 77,052 |
| (e) Capital work-in-progress | 11 | 518 | - | - | 518 |
| (f) Intangible assets under development | 11 | 655 | - | - | 655 |
| (f) Goodwill | | - | - | - | - |
| (c) Other intangible assets | 11 | 1,109 | - | - | 1,109 |
| (i) Other non-financial assets | 12 | 28,712 | - | (2,496) | 26,216 |
| Total non-financial assets | | 157,347 | - | 24,991 | 182,338 |
| Total Assets | | 3,449,001 | 28,371 | 23,196 | 3,500,568 |
| LIABILITIES AND EQUITY | | | | | |
| LIABILITIES | | | | | |
| (1) Financial liabilities | | | | | |
| (a) Derivative financial instruments | | - | - | - | - |
| (b) Payables | | - | - | - | - |
| (i) Trade payables | | - | - | - | - |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 13 | 44,537 | - | - | 44,537 |
| (c) Debt Securities | 14 | 1,269,788 | - | - | 1,269,788 |
| (d) Borrowings (Other than debt securities) | 15 | 1,217,298 | 94,500 | - | 1,311,798 |
| (e) Deposits | | - | - | - | - |
| (f) Subordinated liabilities | 16 | 239,777 | - | - | 239,777 |
| (g) Other financial liabilities | 17 | 120,349 | 28,371 | 0 | 148,720 |
| Total financial liabilities | | 2,891,749 | 122,871 | 0 | 3,014,620 |
| (2) Non-Financial liabilities | | | | | |
| (a) Current tax liabilities (Net) | 10 | 8,575 | - | - | 8,575 |
| (b) Provisions | 18 | 138,503 | - | 62,058 | 200,561 |
| (c) Other non-financial liabilities | 19 | 3,226 | - | 13,596 | 16,822 |
| Total non-financial liabilities | | 150,304 | - | 75,654 | 225,958 |
| (3) Equity | | | | | |
| (a) Share capital | 20 | 224,255 | (94,500) | - | 129,755 |
| (b) Other equity | 21 | 182,694 | - | (52,459) | 130,235 |
| Total equity | | 406,949 | (94,500) | (52,459) | 259,990 |
| Total Liabilities and Equity | | 3,449,001 | 28,371 | 23,196 | 3,500,568 |

E. Reconciliation of profit or loss for the year ended March 31, 2018

| Particulars | Amount as per IGAAP | Reclassification | Measurement | Amount as per Ind AS |
|---|---------------------|------------------|----------------|----------------------|
| I Revenue from operations | | | | |
| (i) Interest income | 397,058 | | (4,220) | 392,838 |
| (ii) Dividend income | 249 | | - | 249 |
| (iii) Rental income | 25,555 | | - | 25,555 |
| (iv) Fees and commission income | 8,526 | | - | 8,526 |
| (v) Net gain on fair value changes | 802 | | (802) | - |
| (vi) Net gain on derecognition of financial instruments under amortised cost category | 541 | | (541) | - |
| (vii) Sale of services | - | | - | - |
| Total Revenue from operations | 432,731 | - | (5,563) | 427,168 |
| II Other income | 7,644 | | - | 7,644 |
| III Total Income (I+II) | 440,375 | - | (5,563) | 434,812 |
| IV Expenses | | | | |
| Finance costs | 223,673 | | 10,643 | 234,316 |
| Fees and commission expense | - | | - | - |
| Net loss on fair value changes | 1,772 | | - | 1,772 |
| Net loss on derecognition of financial instruments under amortised cost category | 585 | | - | 585 |
| Impairment on financial instruments | 29,328 | | (11,023) | 18,305 |
| Employee benefits expense | 39,721 | 74 | 817 | 40,612 |
| Depreciation and amortisation and impairment | 23,637 | | - | 23,637 |
| Other expenses | 47,473 | | 115 | 47,588 |
| Total expenses (IV) | 366,188 | 74 | 553 | 366,815 |
| V Profit/(loss) before exceptional items and tax (III-IV) | 74,187 | (74) | (6,116) | 67,997 |
| VI Exceptional Items | - | | - | - |
| VII Profit/(loss) before tax (V-VI) | 74,187 | (74) | (6,116) | 67,997 |
| VIII Tax expense | | | | |
| (1) Current tax | 20,007 | (26) | - | 19,981 |
| (2) Deferred tax | 5,921 | | 2,347 | 8,268 |
| Net tax expense | 25,928 | (26) | 2,347 | 28,249 |
| Profit before the period from continuing operations (VII-VIII) | 48,259 | (48) | (8,463) | 39,748 |
| X Share of profit / (loss) of equity accounted investees (net of tax) | - | | 545 | 545 |
| X Profit from discontinued operations before tax | - | | - | - |
| XI Tax expense of discontinued operations | - | | - | - |
| XII Profit from discontinued operations (after tax) (X-XI) | - | | - | - |
| XIII Profit for the period (IX+XII) | 48,259 | (48) | (7,918) | 40,293 |
| XIV Other Comprehensive Income | | | | |
| A (i) Items that will be reclassified subsequently to statement of profit and loss | | | | |
| - Net changes in fair values of investment other than equity shares carried at fair value | - | | 52 | 52 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | - | | (18) | (18) |
| (i) Items that will not be reclassified subsequently to statement of profit and loss | - | | - | - |
| - Remeasurement of defined employee benefit plans (net of tax) | - | 74 | - | 74 |
| - Share of OCI of Associates | - | | 264 | 264 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | - | (26) | - | (26) |
| Total Other Comprehensive Income/(Loss) | - | 48 | 298 | 346 |
| XV Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit/(Loss) and Other Comprehensive Income/(loss) for the period) | 48,259 | - | (7,620) | 40,639 |

TATA CAPITAL FINANCIAL SERVICES LIMITED

3. EXPLANATION OF TRANSITION TO IND AS

Note: Explanation to IND AS adjustments:

a. Fair valuation of investments

Under IGAAP, investments in equity instruments and mutual funds were classified as long-term investments and current investments based on the intended holding period and expected realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value.

Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments held in Subsidiaries/Associates/Joint Ventures and equity instruments designated as FVOCI) have been recognised in retained earnings as at the date of transition (i.e. April 01, 2017). Subsequent changes to fair value have been recognised in the statement of profit or loss for the year ended March 31, 2018.

Thus, fair value decrease of Rs. 494 lakh has been recognised in retained earnings as at April 01, 2017 and subsequent decrease in fair value of Rs. 802 lakh has been recognised in the statement of profit or loss for the year ended March 31, 2018, resulting in a decrease in the total equity of Rs. 1,296 lakh as at March 31, 2018.

b. Fair valuation of security deposits

Under IGAAP, interest free security deposits given to landlords for premises rented, was recorded as an asset, while rent was booked as an expense as per the rental agreement.

Under Ind AS, interest free security deposit is required to be discounted based on the internal cost of borrowings. The difference between the discounted present value of the security deposit and the actual security deposit given to the landlords, is required to be recorded as prepaid rent. This prepaid rent is amortised on a straight line basis over life of the security

deposit in line with Ind AS 17. The interest income representing the differential between the security deposit given and the present value of the security deposit given is recorded in such a manner that the difference between rental expense and interest income nullifies itself at the end of tenure of the security deposit, as per Ind AS 109.

Consequent to the above, interest income net of rent expense recognised in the Statement of Profit and Loss for the year ended March 31, 2018 is Rs. 35 lakh.

c. Impairment allowance on Financial Instruments at Amortised cost and trade receivables

Under IGAAP, the provisioning for standard loan assets (assets with days past due (DPD) less than or equal to 89 days) was provided at 0.4% (0.35% as on March 31, 2017 for assets with DPD less than or equal to 119 days) as prescribed by Reserve Bank of India (RBI). For Non-Performing Assets (assets with DPD equal to 90 days/120 days or more as on March 31, 2018 and March 31, 2017 respectively), the minimum provisioning was made as per the RBI norms and additional provisioning as per management judgement and estimates.

As per Ind AS 109, the company is required to apply Expected Credit Loss (ECL) model for Stage 1 assets, Stage 2 assets and Stage 3 assets based on assessment of level of credit risk and recognise the impairment allowance on loans.

Under IGAAP, the provisioning for trade receivables was made based on the management judgement/estimates of the recovery.

Under Ind AS 109, a provision is required to made basis the past trend of write offs on the revenue recognised. Such provision is in addition to provision made based on actual losses under IGAAP.

Consequent to the above, the impairment allowance increased by Rs. 51,083 lakh as at March 31, 2018 (April 01, 2017 Rs. 62,106 lakh). Consequently, the total equity as at March 31, 2018 decreased by Rs. 51,083 lakh (April 01, 2017 Rs. 62,106 lakh) and profit for the year ended March 31, 2018 decreased by Rs. 11,023 lakh.

d. Remeasurement of defined benefit obligation

Under IGAAP, actuarial gain/loss on remeasurement of defined benefit obligation was recognised as part of the gratuity cost in the Statement of Profit and Loss.

Under Ind AS, such actuarial gain/loss is recognised under Other Comprehensive Income Statement (OCI) along with its current income tax charge.

Consequent to the above, employee cost recorded in the Statement of Profit and Loss has increased by Rs. 74 lakh and corresponding Other Comprehensive Income has increased by Rs. 74 lakh for the year ended as at 31 March 31, 2018

e. Investment property

Under IGAAP, there was no concept of investment properties. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

f. Employee share based payment adjustments

The grant date fair value of equity settled share-based payment options granted to employees of the Company by its Holding company is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the options. The amount recognised as expense is based on the estimate of the number of options for which the related service and non-market and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of options that do meet the related service and non-market vesting conditions at the vesting date. Employee cost recorded in the Statement of Profit and Loss has increased by Rs. 817 lakh for the period ended as at 31 March 31, 2018 and a corresponding ESOP outstanding reserve is created of Rs. 817 lakh.

g. Interest as per effective interest rate on financial assets measured at amortised cost

Under IGAAP, processing fees & subvention income was accounted upfront and direct sourcing cost was amortised over the contractual tenure. Under Ind AS, such income and expenses are required to be amortised over the behavioural tenure. As a result, the interest income has

decreased by Rs. 21,716 lakh as at March 31, 2018 (April 01, 2017 Rs. 17,346 lakh). Consequently, the total equity as at March 31, 2018 decreased by Rs. 21,716 lakh (April 01, 2017 Rs. 17,346 lakh) and profit for the year ended March 31, 2018 decreased by Rs. 4,370 lakh.

The unamortised processing fees and subvention income is recorded as a liability and correspondingly equity is decreased. The unamortised direct sourcing agency cost is decreased and accordingly the equity is reduced. Consequently, unamortised processing fees and subvention income increased by Rs. 16,924 lakh (April 01, 2017 Rs. 13,596 lakh) and unamortised direct sourcing agency cost decreased by Rs. 4,792 lakh (April 01, 2017 Rs. 3,750 lakh)

h. Reclassification of Cumulative Compulsorily Convertible Preference shares (CCCPS) to Borrowings

Under IGAAP, Cumulative Compulsorily Convertible Preference shares (CCCPS) formed part of the Share Capital. As per Ind AS 32, since the terms of conversion of the CCCPS on the date of issuance does not mandate fixed number of instruments at a fixed rate, such instrument are classified as a liability and interest cost is accrued at the rate of dividend applicable along with dividend distribution tax (DDT). Equity has decreased by Rs. 152,000 lakh as on March 31, 2018 (April 01. 2017 Rs. 94,500 lakh) with a corresponding increase in borrowings. Interest cost on account of dividend accrued on CCCPS along with DDT has increased in the Statement of Profit and Loss Account for the year ended March 31, 2018 by Rs. 10,643 lakh. Liability for dividend accrued on CCCPS along with DDT has increased as on March 31, 2018 by Rs. 81 lakh.

i. Derivatives held for risk management measured at fair value through statement of profit and loss account

Under IGAAP, the cost of the premium on the forward purchase agreement was amortised over the life of the forward contract. Further under Ind AS, the mark to market gain/loss is recorded in the statement of profit and loss account and corresponding derivative

asset/liability is recorded. Equity has decreased by Rs. 98 lakh as on March 31, 2018 (April 01. 2017 Rs. Nil lakh) with a corresponding increase in Derivative liability. Marked to market loss in the statement of profit and loss account has increased for the year ended March 31, 2018 by Rs. 98 lakh.

j. Amortisation of Option cost for Equity settled ESOP's

Under IGAAP, the ESOPs of the holding company given to employees of the company is recorded at intrinsic value. Under Ind AS, the option fair value cost is amortised over the vesting period in the statement of profit and loss account and a corresponding liability for ESOP outstanding is created. As a result, the manpower cost has increased by Rs. 817 lakh as at March 31, 2018. Consequently, the total equity as at March 31, 2018 decreased by Rs. 817 lakh and profit for the year ended March 31, 2018 decreased by Rs.817 lakh.

k. Other Comprehensive Income

Gain/Loss on remeasurement of defined benefit obligation is recognised as part of the gratuity cost in the Statement of Profit and Loss under IGAAP. Under Ind AS, such gain/loss is recognised under other comprehensive income statement along with consequent current tax charge. Employee cost recorded in the Statement of Profit and Loss has increased by Rs. 74 lakh for the period ended as at 31 March 31, 2018 and corresponding other comprehensive income has increased by Rs. 74 lakh. Accordingly the current tax has decreased in the statement of profit and loss account by Rs. 26 lakh and increased in the statement of other comprehensive income.

l. Rights/liabilities under Letter of Credit/Buyer's Credit facility

Under the Letter of Credit and Buyer's credit facility, the Bank has an unconditional right to recover the amounts due under the facility from the Company and same is recoverable from

the customer by the Company. Accordingly the receivable of Rs. 43,378 lakh is recorded under other financial asset and a corresponding liability is recorded under other financial liability.

m. Investment in Associate

The Company has made investment in equity shares of investee company, classified as a long term investment under IGAAP.

The Company is able to participate in the operating decision making and exercise significant influence over the investee and according the same are re-classified as investment in associate, measured at cost under Ind AS 27.

n. Tax effects of adjustments

Deferred tax asset/liability have been recognised on the adjustments made on transition to Ind AS. Deferred tax asset has increased by Rs. 25,139 lakh as at 31 March 31, 2018 (April 01, 2017 - Rs. 27,487 lakh). Consequent to the above, the total equity as at March 31, 2018 increased by Rs. 25,139 lakh (April 01, 2017 Rs. 27,487 lakh) and profit and other comprehensive income for the year ended March 31, 2018 decreased by Rs. 2,322 lakh respectively.

4. CASH AND CASH EQUIVALENTS

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| (a) Cash on hand | 59 | 102 | 573 |
| (b) Balances with banks in current accounts | 24,824 | 6,812 | 5,187 |
| (c) Cheques on hand | 280 | 1,214 | 1,577 |
| Total | 25,163 | 8,128 | 7,337 |

Note:

- (i) Of the above, the balances that meet the definition of Cash and Cash Equivalents as per Ind AS 7 Cash Flow Statements is Rs. 25,111 lakh (March 31, 2018 : Rs. 8,075 lakh and April 1, 2017 : Rs. 7,284 lakh)
- (ii) Balance with banks in current accounts includes Rs. 52 lakh (March 31, 2018 : Rs. 53 lakh and April 1, 2017 : Rs.53 lakh) towards unclaimed debenture application money and interest accrued thereon.

5. OTHER BALANCES WITH BANKS

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|-------------------------|-------------------------|------------------------|
| Balances with banks in deposit accounts (Refer note below) | 36 | 4,462 | 3 |
| Total | 36 | 4,462 | 3 |

Note:

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

6. TRADE RECEIVABLES

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|-------------------------|-------------------------|------------------------|
| (i) Receivables considered good - secured | - | - | - |
| (ii) Receivables considered good - unsecured | 3,480 | 6,753 | 2,049 |
| (iii) Receivables which have significant increase in credit risk - unsecured | - | - | - |
| (iv) Receivables - credit impaired - unsecured | 246 | 230 | - |
| | 3,726 | 6,983 | 2,049 |
| Less: Allowance for impairment loss | - | - | - |
| (i) significant increase in credit risk | 26 | 78 | 48 |
| (ii) credit impaired | 246 | 230 | - |
| Total | 3,454 | 6,675 | 2,001 |

Trade receivables include amounts due from the related parties Rs. 174 lakh (March 31, 2018: Rs. 697 lakh and April 01, 2017 : Rs. 143 lakh)

7. LOANS

| (Rs. in lakh) | | | |
|--|-------------------------|-------------------------|------------------------|
| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
| LOANS | | | |
| (A) | | | |
| - Amortised Cost | | | |
| (i) Bills purchased and bills discounted | 32,612 | 52,394 | 40,969 |
| (ii) Loans repayable on demand | - | - | - |
| (iii) Term loans | 4,182,619 | 3,460,619 | 3,034,771 |
| (iv) Credit substitutes (refer note 7(a) below) | 160,381 | 116,771 | 94,846 |
| (v) Finance lease and hire purchase | 51,874 | 43,438 | 31,843 |
| (vi) Factoring | - | - | - |
| (vii) Retained portion of assigned loans | 3,420 | 5,567 | 7,018 |
| (viii) Inter - Company Deposits | 4,125 | 9,300 | 11,300 |
| (ix) Loan to TCL employee welfare trust | 6,286 | 7,302 | 7,302 |
| - At Fair Value through Other Comprehensive Income | | | |
| - Term loans | 21,080 | 3,273 | - |
| Total (A) - Gross | 4,462,397 | 3,698,664 | 3,228,049 |
| (B) | | | |
| (i) Secured by tangible assets | 2,539,692 | 2,189,139 | 1,981,463 |
| (ii) Secured by intangible assets | - | - | 1,102 |
| (iii) Covered by bank / government guarantees | - | - | - |
| (iv) Unsecured | 1,922,705 | 1,509,525 | 1,245,484 |
| Total (B) - Gross | 4,462,397 | 3,698,664 | 3,228,049 |
| (C) | | | |
| (I) Loans in India | | | |
| (i) Public sector | 2,081 | 6,136 | 4,593 |
| (ii) Others | 4,460,316 | 3,692,528 | 3,223,456 |
| Total - Loans in India | 4,462,397 | 3,698,664 | 3,228,049 |
| (II) Loans outside India | | | |
| (i) Public sector | - | - | - |
| (ii) Others | - | - | - |
| Total - Loans outside India | - | - | - |
| Total (C) | 4,462,397 | 3,698,664 | 3,228,049 |

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

7. b. The details of Gross investments and unearned finance income in respect of assets given under finance lease are as under:

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| Gross Investments: | | | |
| - Within one year | 22,414 | 16,385 | 10,925 |
| - Later than one year and not later than five years | 33,889 | 30,283 | 21,389 |
| - Later than five years | 330 | 533 | 228 |
| Total | 56,633 | 47,201 | 32,542 |
| Unearned Finance Income: | | | |
| - Within one year | 4,576 | 4,138 | 2,780 |
| - Later than one year and not later than five years | 4,788 | 4,601 | 3,394 |
| - Later than five years | 56 | 100 | 76 |
| Total | 9,420 | 8,839 | 6,250 |
| Present Value of Rentals *: | | | |
| - Within one year | 17,838 | 12,247 | 8,145 |
| - Later than one year and not later than five years | 29,101 | 25,682 | 17,995 |
| - Later than five years | 274 | 433 | 152 |
| Total | 47,213 | 38,362 | 26,292 |

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

7. c. Break up of Loans as under:

| (Rs. in lakh) | | | |
|--|-------------------------|-------------------------|------------------------|
| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
| LOANS | | | |
| Measured at amortised cost and FVTOCI | | | |
| (i) Secured | 2,374,443 | 2,000,015 | 1,748,821 |
| (ii) Unsecured | 1,861,083 | 1,432,200 | 1,170,182 |
| (iii) Significant Increase in Credit Risk | 117,603 | 144,080 | 125,540 |
| (iv) Impaired Asset | 109,268 | 122,368 | 183,505 |
| Gross Carrying value of Loans | 4,462,397 | 3,698,664 | 3,228,049 |

8. INVESTMENTS

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|----------------------|----------------------|---------------------|
| Investments in India | | | |
| (A) Investments carried at fair value through profit or loss | | | |
| Fully paid equity shares (quoted) | 24,029 | 16,028 | 11,565 |
| Fully paid equity shares (unquoted) | 3,503 | 3,723 | 762 |
| Investment in preference shares | 3,500 | - | - |
| Mutual and other funds (quoted) | 53 | 50 | 51 |
| Mutual and other funds (unquoted) | 1,272 | 1,075 | 1,007 |
| Security receipts | 126 | 600 | 1,130 |
| | 32,483 | 21,476 | 14,515 |
| (B) Investments carried at cost | | | |
| Associates companies | | | |
| Fully paid equity shares (unquoted) | 6,261 | 9,390 | 12,435 |
| Net Carrying value of investments | 5,676 | 8,805 | 12,435 |
| | | | |
| Total Investments | 38,159 | 30,281 | 26,950 |

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

Note : There are no investments outside India.

8a. Scrip-wise details of Investments:

(Rs. in lakh)

| PARTICULARS | Face value Per Unit (in Rs) | As at March 31, 2019 | | As at March 31, 2018 | | As at April 1, 2017 | |
|--|-----------------------------------|----------------------|---------------|----------------------|---------------|---------------------|---------------|
| | | No. of Units | Rs in lakh | No. of Units | Rs in lakh | No. of Units | Rs in lakh |
| (A) Investments carried at cost | | | | | | | |
| Associates companies | | | | | | | |
| Fully paid equity shares (unquoted) | | | | | | | |
| Fincare Business Services Limited | 10 | 254,791 | 772 | 235,992 | 601 | 235,992 | 660 |
| Shriram Properties Limited | 10 | 2,223,569 | 3,935 | 2,223,569 | 3,935 | 2,223,569 | 3,935 |
| TVS Supply Chain Solutions Limited | 10 | 217,325 | 1,554 | 217,325 | 1,513 | 217,325 | 1,465 |
| Varroc Engineering Private Limited | 10 | - | - | 155,024 | 3,341 | 155,024 | 2,521 |
| International Asset Reconstruction Company Private Limited | 10 | - | - | - | - | 13,946,295 | 3,854 |
| | | | 6,261 | | 9,390 | | 12,435 |
| Less: Diminution in value of investments | | | 585 | | 585 | | - |
| | | | 5,676 | | 8,805 | | 12,435 |
| (B) Investments carried at fair value through profit or loss | | | | | | | |
| Mutual and other funds (quoted) | | | | | | | |
| HDFC Debt Fund For Cancer Cure | 10 | 500,000 | 53 | 500,000 | 50 | 500,000 | 51 |
| | | | 53 | | 50 | | 51 |
| Mutual and other funds (unquoted) | | | | | | | |
| Tata Liquid Fund Regular Plan - Growth | 1,000 | 43,423 | 1,272 | 39412 | 1,075 | 39412 | 1,007 |
| | | | 1,272 | | 1,075 | | 1,007 |
| Fully paid equity shares (quoted) | | | | | | | |
| Hindustan Unilever Limited | 1 | 2,000 | 34 | 2,000 | 27 | 2,000 | 18 |
| Praj Industries Limited | 2 | 13,422,400 | 20,560 | 13,422,400 | 10,778 | 13,422,400 | 10,745 |
| The New India Assurance company Limited | 5 | 1,083,376 | 2,056 | 541,688 | 3,861 | - | - |
| 3i Infotech Limited | 10 | 23,280,000 | 896 | 23,280,000 | 1,176 | - | - |
| Consolidated Construction Consortium Limited | 2 | 416,472 | 8 | 416,472 | 16 | - | - |
| Diamond Power Infra Limited | 10 | 1,631,881 | 26 | 1,631,881 | 122 | 1,631,881 | 565 |
| Gol Offshore Limited | 10 | 644,609 | - | 644,609 | - | 644,609 | 100 |
| Commercial Engineers & Body Builder Company Limited | 10 | 2,185,192 | 436 | - | - | - | - |
| IVRCL Limited | 2 | 1,594,857 | 13 | 1,594,857 | 48 | 2,776,522 | 137 |
| | | | 24,029 | | 16,028 | | 11,565 |
| Fully paid equity shares (unquoted) | | | | | | | |
| Adithya Automotives Private Limited | 10 | - | - | 1,396,500 | 376 | 1,396,500 | 247 |
| Aricent Technologies Holdings Limited * | 10 | 8 | 0 | 8 | 0 | 8 | 0 |
| International Asset Reconstruction Company Private Limited | 10 | 13,946,295 | 3,503 | 13,946,295 | 3,347 | - | - |
| SKS Ispat & Power Limited * | 10 | 33,931,831 | - | 33,931,831 | - | 33,931,831 | 515 |
| Coastal Projects Limited * | 10 | 4,101,806 | - | 4,101,806 | - | 4,101,806 | - |
| Tata Tele Services Limited * | 10 | 62,250,000 | 0 | 62,250,000 | 0 | 62,250,000 | 0 |
| | | | 3,503 | | 3,723 | | 762 |
| Security Receipts | | | | | | | |
| International Asset Reconstruction Company Private Limited | 1,000 | 104,135 | 126 | 104,135 | 600 | 104,135 | 1,130 |
| | | | 126 | | 600 | | 1,130 |
| Fully paid investment in Preference Shares (Non-Trade) | | | | | | | |
| 0.001% Share Microfin Limited Optionally Cumulative Convertible Redeemable Preference Shares | 10 | - | - | - | - | 900,000 | - |
| Kotak Mahindra Bank Limited | 5 | 70,000,000 | 3,500 | - | - | - | - |
| | | | 3,500 | | - | | - |
| Total Non-Current Investments | | | 38,159 | | 30,281 | | 26,950 |

* Amount less than Rs. 50,000.

9. OTHER FINANCIAL ASSETS

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|-------------------------|-------------------------|------------------------|
| (a) Security deposits | 6,912 | 8,085 | 5,776 |
| (b) Advances recoverable in cash or kind from related parties | 595 | 597 | 802 |
| (c) Pass Through Certificate application money (refundable) | 10,599 | 7,919 | 16,249 |
| (d) Receivable on sale/redemption of investment | 162 | 173 | 83 |
| Less : Provision for receivable on sale/redemption of investment | (162) | (173) | (83) |
| Net receivable on sale/redemption of investment | - | - | - |
| (e) Income accrued but not due | 6,433 | 3,494 | 2,245 |
| (f) Advances to employees | 563 | 686 | 103 |
| (g) Receivable under letter of credit/buyer's credit facility | 14,617 | 43,419 | 28,371 |
| (h) Other receivables | 326 | 466 | 344 |
| Total | 40,045 | 64,666 | 53,890 |

10. INCOME TAXES

A The income tax expense consist of the following:

(Rs. in lakh)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Current tax: | | |
| Current tax expense for the period | 23,390 | 19,981 |
| Current tax expense / (benefit) pertaining to prior years | - | - |
| | 23,390 | 19,981 |
| Deferred tax benefit | | |
| Origination and reversal of temporary differences | (1,131) | 8,268 |
| Change in tax rates | (609) | - |
| | (1,739) | 8,268 |
| Total income tax expense recognised in the year | 21,651 | 28,249 |

The reconciliation of estimated income tax expense at statutory income tax rate income tax expense reported in
(Rs. in lakh)

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Profit before income taxes | 65,361 | 68,538 |
| Indian statutory income tax rate | 34.944% | 34.608% |
| Expected income tax expense | 22,840 | 23,719 |
| Tax effect of adjustments to reconcile expected income tax expense to | | |
| Income exempt from tax | (270) | (138) |
| Non deductible expenses | 2,696 | 4,617 |
| Tax on income at different rates | (3,007) | 51 |
| Change in tax rates | (609) | 0 |
| Total income tax expense | 21,651 | 28,249 |

Note:

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

10(i) INCOME TAXES

B. Amounts recognised in OCI

| | For the year ended March 31, 2019 | | | For the year ended March 31, 2018 | | |
|---|--------------------------------------|-----------------------|------------|--------------------------------------|-----------------------|------------|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| (Rs. in lakh) | | | | | | |
| Items that will not be reclassified to profit or loss | | | | | | |
| Remeasurements of defined benefit liability (asset) | (548) | 191 | (357) | 74 | (26) | 48 |
| Items that are or may be reclassified subsequently to profit or loss | | | | | | |
| Net amount transferred to profit or loss | 283 | (99) | 184 | 52 | (18) | 34 |
| | (265) | 93 | (172) | 126 | (44) | 82 |

10(ii). DEFERRED TAX ASSET

The major components of deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

(Rs. in lakh)

| Particulars | Opening Balance | Recognised / reversed through profit and loss | Recognised in OCI | Closing Balance |
|--|-----------------|---|-------------------|-----------------|
| Deferred Tax Assets :- | | | | |
| (a) Impairment loss allowance - Stage III | 35,861 | (4,988) | - | 30,872 |
| (b) Impairment loss allowance - Stage I & II | 17,151 | 3,285 | (29) | 20,406 |
| (d) Employee benefits | 330 | 114 | - | 444 |
| (e) Deferred income | 7,515 | 2,296 | (82) | 9,728 |
| (f) Other deferred tax assets | 2,150 | 593 | - | 2,743 |
| Deferred Tax Liabilities :- | | | | |
| (a) Debenture issue expenses | (478) | (1,672) | - | (2,150) |
| (b) Depreciation on property, plant, equipment & intangibles | 228 | 2,582 | - | 2,810 |
| (c) Investments measured at fair value | (60) | (470) | - | (530) |
| (d) Loans measured at FVTOCI | (13) | (0) | 13 | (0) |
| Net Deferred Tax Asset | 62,684 | 1,738 | (99) | 64,324 |

The major components of deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

(Rs. in lakh)

| Particulars | Opening Balance | Recognised / reversed through profit and loss | Recognised in OCI | Closing Balance |
|--|-----------------|---|-------------------|-----------------|
| Deferred Tax Assets :- | | | | |
| (a) Impairment loss allowance - Stage III | 51,842 | (15,981) | - | 35,861 |
| (b) Impairment loss allowance - Stage I & II | 14,599 | 2,557 | (5) | 17,151 |
| (c) Employee benefits | 303 | 27 | - | 330 |
| (d) Deferred income | 6,003 | 1,512 | - | 7,515 |
| (e) Other deferred tax assets | 1,168 | 982 | - | 2,150 |
| Deferred Tax Liabilities :- | | | | |
| (a) Debenture issue expenses | (518) | 40 | - | (478) |
| (b) Depreciation on property, plant, equipment & intangibles | (2,417) | 2,645 | - | 228 |
| (c) Investments measured at fair value | (10) | (50) | - | (60) |
| (d) Loans measured at FVTOCI | - | - | (13) | (13) |
| Net Deferred Tax Asset | 70,970 | (8,268) | (18) | 62,684 |

Gross deferred tax assets and liabilities are as follows:

(Rs. in lakh)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| Deferred Tax Assets :- | | | |
| (a) Impairment loss allowance - Stage III | 30,872 | 35,861 | 51,842 |
| (b) Impairment loss allowance - Stage I & II | 20,406 | 17,151 | 14,599 |
| (d) Employee benefits | 444 | 330 | 303 |
| (e) Deferred income | 9,728 | 7,515 | 6,003 |
| (f) Other deferred tax assets | 2,743 | 2,150 | 1,168 |
| Deferred Tax Liabilities :- | | | |
| (a) Debenture issue expenses | (2,150) | (478) | (518) |
| (b) Depreciation on property, plant & equipment | 2,810 | 228 | (2,417) |
| (c) Fair value of investments | (530) | (60) | (10) |
| (d) Loans measured at FVTOCI | (0) | (13) | - |
| Net Deferred Tax Asset | 64,324 | 62,684 | 70,970 |

11. PROPERTY, PLANT AND EQUIPMENT
(Rs. in lakh)

| Particulars | Gross Block | | | | Accumulated depreciation and amortisation | | | | Net Carrying Value |
|--|-------------------------------------|------------------------|--------------|--------------------------------------|---|---|------------------------|--------------------------------------|----------------------|
| | Opening balance as at April 1, 2018 | Additions/ Adjustments | Deletions | Closing balance as at March 31, 2019 | Opening balance as at April 1, 2018 | Depreciation/ Amortisation for the year | Deletions/ Adjustments | Closing balance as at March 31, 2019 | As at March 31, 2019 |
| TANGIBLE ASSETS | | | | | | | | | |
| Buildings | 3,677 | - | - | 3,677 | 200 | 200 | - | 400 | 3,277 |
| | 3,677 | - | - | 3,677 | - | 200 | - | 200 | 3,477 |
| Leasehold Improvements | 2,055 | 266 | 67 | 2,254 | 546 | 479 | 31 | 994 | 1,260 |
| | 1,701 | 365 | 11 | 2,055 | - | 547 | 1 | 546 | 1,509 |
| Furniture & Fixtures | 616 | 133 | 19 | 730 | 100 | 127 | 7 | 219 | 511 |
| | 492 | 132 | 8 | 616 | - | 101 | 1 | 100 | 516 |
| Computer Equipment | 2,600 | 1,026 | 2 | 3,624 | 604 | 843 | 1 | 1,446 | 2,178 |
| | 1,618 | 982 | - | 2,600 | - | 604 | - | 604 | 1,996 |
| Office Equipment | 690 | 364 | 28 | 1,026 | 203 | 229 | 11 | 421 | 604 |
| | 482 | 210 | 2 | 690 | - | 203 | - | 203 | 487 |
| Plant & Machinery | 255 | - | 15 | 240 | 51 | 46 | 7 | 90 | 150 |
| | 257 | 4 | 6 | 255 | - | 52 | 1 | 51 | 204 |
| Vehicles | 483 | 176 | 197 | 462 | 167 | 144 | 98 | 213 | 250 |
| | 452 | 83 | 52 | 483 | - | 181 | 14 | 167 | 316 |
| ASSETS GIVEN UNDER OPERATING LEASE/RENTAL | | | | | | | | | |
| Construction Equipment | 11,355 | 3,497 | 370 | 14,482 | 1,779 | 2,801 | 156 | 4,424 | 10,058 |
| | 14,299 | 1,787 | 4,731 | 11,355 | - | 2,827 | 1,048 | 1,779 | 9,576 |
| Vehicles | 2,351 | 2,355 | 389 | 4,317 | 698 | 1,359 | 250 | 1,806 | 2,510 |
| | 1,581 | 1,913 | 1,143 | 2,351 | - | 897 | 199 | 698 | 1,653 |
| Plant & Machinery | 32,711 | 34,031 | 1,568 | 65,174 | 6,416 | 11,018 | 741 | 16,693 | 48,481 |
| | 21,619 | 12,323 | 1,231 | 32,711 | - | 6,515 | 99 | 6,416 | 26,295 |
| Computer Equipment | 15,018 | 6,104 | 1,288 | 19,834 | 6,584 | 5,563 | 1,105 | 11,042 | 8,792 |
| | 12,900 | 3,225 | 1,107 | 15,018 | - | 7,154 | 570 | 6,584 | 8,434 |
| Furniture & Fixtures | 957 | 252 | 43 | 1,166 | 296 | 317 | 41 | 572 | 594 |
| | 834 | 123 | - | 957 | - | 296 | - | 296 | 661 |
| Office Equipments | 1,438 | 1,952 | 100 | 3,291 | 785 | 713 | 96 | 1,402 | 1,889 |
| | 1,245 | 204 | 11 | 1,438 | - | 792 | 7 | 785 | 653 |
| Railway Wagons | 14,957 | 53 | - | 15,010 | 2,580 | 2,751 | - | 5,331 | 9,679 |
| | 14,833 | 124 | - | 14,957 | - | 2,580 | - | 2,580 | 12,377 |
| Electrical Installation & Equipments | 1,074 | 747 | - | 1,821 | 228 | 339 | - | 567 | 1,255 |
| | 1,062 | 12 | - | 1,074 | - | 228 | - | 228 | 846 |
| TANGIBLE ASSETS - TOTAL | 90,237 | 50,957 | 4,086 | 137,108 | 21,237 | 26,928 | 2,544 | 45,621 | 91,487 |
| | 77,052 | 21,487 | 8,302 | 90,237 | - | 23,177 | 1,940 | 21,237 | 69,000 |

| Particulars | Gross Block | | | | Accumulated depreciation and amortisation | | | | Net Carrying Value |
|--|-------------------------------------|------------------------|--------------|--------------------------------------|---|---|------------------------|--------------------------------------|----------------------|
| | Opening balance as at April 1, 2018 | Additions/ Adjustments | Deletions | Closing balance as at March 31, 2019 | Opening balance as at April 1, 2018 | Depreciation/ Amortisation for the year | Deletions/ Adjustments | Closing balance as at March 31, 2019 | As at March 31, 2019 |
| INTANGIBLE ASSETS (other than internally generated) | | | | | | | | | |
| Goodwill | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| Software | 2,769 | 359 | - | 3,128 | 455 | 495 | - | 950 | 2,179 |
| | <i>1,109</i> | <i>1,671</i> | <i>11</i> | <i>2,769</i> | - | <i>460</i> | <i>5</i> | <i>455</i> | <i>2,314</i> |
| INTANGIBLE ASSETS - TOTAL | 2,769 | 359 | - | 3,128 | 455 | 495 | - | 950 | 2,179 |
| | <i>1,109</i> | <i>1,671</i> | <i>11</i> | <i>2,769</i> | - | <i>460</i> | <i>5</i> | <i>455</i> | <i>2,314</i> |
| Total | 93,006 | 51,316 | 4,086 | 140,236 | 21,692 | 27,422 | 2,544 | 46,570 | 93,666 |
| | <i>78,161</i> | <i>23,158</i> | <i>8,313</i> | <i>93,006</i> | - | <i>23,637</i> | <i>1,945</i> | <i>21,692</i> | <i>71,314</i> |

Figures in italics relate to March 31, 2018

12. OTHER NON-FINANCIAL ASSETS (UNSECURED - CONSIDERED GOOD)**(Rs. in lakh)**

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|---------------------------------|---------------------------------|--------------------------------|
| (a) Capital advances | 22,640 | 17,452 | 7,806 |
| (b) Prepaid expenses | 2,116 | 1,927 | 2,579 |
| (c) Gratuity asset (Net) | - | 49 | 239 |
| (d) Balances with government authorities | 10,163 | 4,868 | 1,431 |
| (e) Non Current Assets held-for-sale | - | 1,326 | 3,582 |
| (f) Unamortised loan sourcing costs | 12,602 | 10,702 | 10,335 |
| (g) Other advances | 222 | 381 | 244 |
| Total | 47,743 | 36,705 | 26,216 |

13. TRADE PAYABLES

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| (a) Others | | | |
| (i) Accrued expenses | 29,707 | 18,580 | 16,171 |
| (ii) Payable to related parties | - | 142 | 28 |
| (iii) Payable to dealers/vendors/customer | 25,405 | 33,253 | 27,422 |
| (iv) Others | 798 | 591 | 916 |
| Total | 55,910 | 52,566 | 44,537 |

14. DEBT SECURITIES

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|-------------------------|-------------------------|------------------------|
| DEBT SECURITIES In India | | | |
| At amortised cost | | | |
| Secured | | | |
| Privately Placed Non-Convertible Debentures (Refer note 14.1 and 14.3 below) [Net of unamortised discount of Rs. 47 lakh (March 31, 2018 : Nil and April 1, 2017 : Nil) and premium of Rs. 307 lakh (March 31, 2018 : Rs. 57 lakh and April 1, 2017 : Nil)] | 1,221,527 | 1,053,378 | 1,156,047 |
| Public issue of Non-Convertible Debentures (Refer notes 14.2 and 14.4 to 14.6 below) | 295,826 | 28,799 | 28,779 |
| Unsecured | | | |
| Privately Placed Non-Convertible Debentures (Refer notes 14.7 to 14.10 below) | 91,795 | 149,970 | 84,962 |
| Total | 1,609,148 | 1,232,147 | 1,269,788 |

Notes

- 14.1.** Privately Placed Non-Convertible Debentures are secured by pari passu charge on the specific immovable property, specified receivables arising out of loan, lease, hire purchase transactions and to the extent of shortfall in asset cover by a pari passu charge on the current assets of the Company.
- 14.2.** Public issue of Non-Convertible Debentures are secured by a pari passu charge on the specific immovable property, receivables against unsecured loans, bills discounted and trade advances and other current assets of the Company.

14. 3. Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2019

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|--|------------|-----------------|-----------------------|------------|-----------------------|------------|----------------------|------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL NCD "H" FY 2018-19 Op-II | 19-Dec-18 | 19-Dec-28 | 1,120 | 11,200 | - | - | - | - |
| TCFSL NCD "H" FY 2018-19 Op-II 1 Further issue Premium | 03-Jan-19 | 19-Dec-28 | 230 | 2,300 | - | - | - | - |
| TCFSL NCD "AF" FY 2014-15 Op-I | 08-Dec-14 | 06-Dec-24 | 600 | 6,000 | 600 | 6,000 | 600 | 6,000 |
| TCFSL NCD "AF" FY 2014-15 Op-II | 08-Dec-14 | 06-Dec-24 | 150 | 1,500 | 150 | 1,500 | 150 | 1,500 |
| TCFSL NCD "AA" FY 2014-15 | 20-Nov-14 | 20-Nov-24 | 950 | 9,500 | 950 | 9,500 | 950 | 9,500 |
| TCFSL NCD "H" FY 2018-19 Op-I | 19-Dec-18 | 19-Dec-23 | 1,940 | 19,400 | - | - | - | - |
| TCFSL NCD "H" FY 2018-19 Op-I 1 Further issue Premium | 03-Jan-19 | 19-Dec-23 | 975 | 9,750 | - | - | - | - |
| TCFSL NCD "H" FY 2018-19 Op-I 2 Further issue Premium | 15-Feb-19 | 19-Dec-23 | 300 | 3,000 | - | - | - | - |
| TCFSL NCD "H" FY 2018-19 Op-II 2 Further issue Premium | 15-Feb-19 | 19-Dec-23 | 550 | 5,500 | - | - | - | - |
| TCFSL NCD "P" FY 2017-18 | 22-Jan-18 | 20-Jan-23 | 480 | 4,800 | 480 | 4,800 | - | - |
| TCFSL Market Link NCD Tranche "B" FY 2018-19 | 20-Mar-19 | 05-Dec-22 | 2,500 | 25,000 | - | - | - | - |
| TCFSL NCD "AH" FY 2012-13 | 05-Sep-12 | 05-Sep-22 | 500 | 5,000 | 500 | 5,000 | 500 | 5,000 |
| TCFSL NCD "I" FY 2018-19 | 03-Jan-19 | 10-Jun-22 | 400 | 4,000 | - | - | - | - |
| TCFSL Market Linked Tranche 'A' 2018-19 Tranch-III | 27-Feb-19 | 14-Apr-22 | 137 | 1,370 | - | - | - | - |
| TCFSL Market Linked Tranche "A" 2018-19 Tranch-III Reissuance | 12-Mar-19 | 14-Apr-22 | 159 | 1,590 | - | - | - | - |
| TCFSL NCD "D" FY 2018-19 | 22-Oct-18 | 08-Apr-22 | 1,120 | 11,200 | - | - | - | - |
| TCFSL NCD "D" FY 2018-19 Further issue Annual Comp. Premium | 23-Jan-19 | 08-Apr-22 | 485 | 4,850 | - | - | - | - |
| TCFSL NCD "AL" FY 2016-17 | 31-Mar-17 | 31-Mar-22 | 400 | 4,000 | 400 | 4,000 | 400 | 4,000 |
| TCFSL NCD "N" FY 2018-19 Op-II | 27-Mar-19 | 25-Mar-22 | 2,825 | 28,250 | - | - | - | - |
| TCFSL NCD "I" FY 2017-18 | 20-Jul-17 | 28-Feb-22 | 750 | 7,500 | 750 | 7,500 | - | - |
| TCFSL NCD "M" FY 2018-19 | 21-Feb-19 | 21-Feb-22 | 500 | 5,000 | - | - | - | - |
| TCFSL NCD "K" FY 2017-18 | 16-Aug-17 | 14-Jan-22 | 750 | 7,500 | 750 | 7,500 | - | - |
| TCFSL NCD "AG" FY 2016-17 | 28-Dec-16 | 28-Dec-21 | 2,720 | 27,200 | 2,720 | 27,200 | 2,720 | 27,200 |
| TCFSL NCD "E" FY 2018-19 | 26-Oct-18 | 26-Oct-21 | 3,262 | 32,620 | - | - | - | - |
| TCFSL NCD "G" FY 2016-17 | 30-May-16 | 28-May-21 | 500 | 5,000 | 500 | 3,500 | 500 | 2,000 |
| TCFSL Market Linked Tranche 'A' 2018-19 Tranch-II | 27-Feb-19 | 14-Apr-21 | 1,175 | 11,750 | - | - | - | - |
| TCFSL Market Linked Tranche "A" 2018-19 Tranch-II Reissuance | 12-Mar-19 | 14-Apr-21 | 385 | 3,850 | - | - | - | - |
| TCFSL Market Linked Tranche "A" 2018-19 Tranch-II Reissuance 2 | 29-Mar-19 | 14-Apr-21 | 260 | 2,600 | - | - | - | - |
| TCFSL NCD "N" FY 2018-19 Op-I | 27-Mar-19 | 26-Mar-21 | 5,250 | 52,500 | - | - | - | - |
| TCFSL NCD "AB" FY 2015-16 | 21-Mar-16 | 19-Mar-21 | 100 | 1,000 | 100 | 1,000 | 100 | 1,000 |
| TCFSL NCD "AA" FY 2015-16 | 16-Mar-16 | 16-Mar-21 | 70 | 700 | 70 | 700 | 70 | 700 |
| TCFSL NCD "O" FY 2017-18 | 12-Jan-18 | 22-Jan-21 | 750 | 7,500 | 750 | 7,500 | - | - |
| TCFSL NCD "J" FY 2018-19 | 10-Jan-19 | 11-Jan-21 | 250 | 2,500 | - | - | - | - |
| TCFSL NCD "X" FY 2015-16 | 16-Dec-15 | 16-Dec-20 | 100 | 1,000 | 100 | 1,000 | 100 | 1,000 |
| TCFSL Market Linked Tranche 'A' 2018-19 Tranch-I | 27-Feb-19 | 14-Aug-20 | 1,448 | 14,480 | - | - | - | - |
| TCFSL Market Linked Tranche "A" 2018-19 Tranch-I Reissuance | 12-Mar-19 | 14-Aug-20 | 102 | 1,020 | - | - | - | - |
| TCFSL Market Linked Tranche "A" 2018-19 Tranch-I Reissuance 1 | 28-Mar-19 | 14-Aug-20 | 340 | 3,400 | - | - | - | - |
| TCFSL NCD "E" FY 2017-18 | 06-Jul-17 | 06-Aug-20 | 500 | 5,000 | 500 | 5,000 | - | - |
| TCFSL NCD "K" FY 2018-19 Op-I | 16-Jan-19 | 15-Jul-20 | 3,760 | 37,600 | - | - | - | - |
| TCFSL NCD "G" FY 2017-18 | 12-Jul-17 | 10-Jul-20 | 250 | 2,500 | 250 | 2,500 | - | - |
| TCFSL NCD "U" FY 2016-17 | 26-Aug-16 | 01-Jul-20 | 150 | 1,500 | 150 | 1,500 | 150 | 1,500 |
| TCFSL NCD "L" FY 2018-19 | 29-Jan-19 | 29-Jun-20 | 3,500 | 35,000 | - | - | - | - |
| TCFSL NCD "G" FY 2018-19 | 30-Nov-18 | 26-Jun-20 | 1,300 | 13,000 | - | - | - | - |
| TCFSL NCD "G" FY 2018-19 Further issue - I Par Premium | 10-Jan-19 | 26-Jun-20 | 300 | 3,047 | - | - | - | - |
| TCFSL NCD "G" FY 2018-19 Further issue - II Par Premium | 23-Jan-19 | 26-Jun-20 | 1,490 | 15,185 | - | - | - | - |
| TCFSL NCD "D" FY 2017-18 | 09-Jun-17 | 09-Jun-20 | 10,150 | 101,500 | 10,150 | 101,500 | - | - |
| TCFSL NCD "E" FY 2015-16 | 05-May-15 | 05-May-20 | 3,300 | 33,000 | 3,300 | 33,000 | 3,300 | 33,000 |
| TCFSL NCD "F" FY 2018-19 | 26-Nov-18 | 20-Mar-20 | 750 | 7,500 | - | - | - | - |
| TCFSL NCD "K" FY 2018-19 Op-II | 16-Jan-19 | 20-Mar-20 | 4,000 | 40,000 | - | - | - | - |
| TCFSL NCD "AJ" FY 2016-17 | 01-Mar-17 | 28-Feb-20 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "Q" FY 2017-18 | 24-Jan-18 | 24-Jan-20 | 7,000 | 70,000 | 7,000 | 70,000 | - | - |
| TCFSL NCD "C" FY 2018-19 | 19-Jul-18 | 20-Jan-20 | 3,950 | 39,500 | - | - | - | - |
| TCFSL NCD "C" FY 2018-19 Further Issuance Discount | 06-Dec-18 | 20-Jan-20 | 2,300 | 23,000 | - | - | - | - |
| TCFSL NCD "B" FY 2018-19 | 29-Jun-18 | 27-Dec-19 | 1,850 | 18,500 | - | - | - | - |
| TCFSL NCD "B" FY 2018-19 Further Issuance Discount | 05-Jul-18 | 27-Dec-19 | 1,800 | 18,000 | - | - | - | - |
| TCFSL NCD "T" FY 2016-17 Op-II | 10-Jun-16 | 23-Dec-19 | 130 | 1,300 | 130 | 1,300 | 130 | 1,300 |
| TCFSL NCD "AE" FY 2016-17 | 16-Nov-16 | 16-Dec-19 | 750 | 7,500 | 750 | 7,500 | 750 | 7,500 |
| TCFSL NCD "AD" FY 2016-17 | 10-Nov-16 | 10-Dec-19 | 230 | 2,300 | 230 | 2,300 | 230 | 2,300 |
| TCFSL NCD "AC" FY 2016-17 | 27-Oct-16 | 25-Oct-19 | 350 | 3,500 | 350 | 3,500 | 350 | 3,500 |
| TCFSL NCD "L" FY 2017-18 | 29-Sep-17 | 27-Sep-19 | 2,000 | 20,000 | 2,000 | 20,000 | - | - |
| TCFSL NCD "A" FY 2018-19 | 19-Jun-18 | 19-Sep-19 | 5,400 | 54,000 | - | - | - | - |
| TCFSL NCD "V" FY 2016-17 Op-II | 31-Aug-16 | 30-Aug-19 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "T" FY 2016-17 | 25-Aug-16 | 23-Aug-19 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "J" FY 2017-18 | 07-Aug-17 | 07-Aug-19 | 5,500 | 55,000 | 5,500 | 55,000 | - | - |
| TCFSL NCD "J" FY 2017-18 Further Issuance Premium | 01-Sep-17 | 07-Aug-19 | 2,478 | 24,780 | 2,478 | 24,780 | - | - |
| TCFSL NCD "P" FY 2016-17 | 29-Jul-16 | 29-Jul-19 | 100 | 1,000 | 100 | 1,000 | 100 | 1,000 |
| TCFSL NCD "O" FY 2016-17 | 19-Jul-16 | 19-Jul-19 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "H" FY 2017-18 | 18-Jul-17 | 18-Jul-19 | 5,000 | 50,000 | 5,000 | 50,000 | - | - |
| TCFSL NCD "N" FY 2016-17 | 12-Jul-16 | 12-Jul-19 | 2,000 | 20,000 | 2,000 | 20,000 | 2,000 | 20,000 |
| TCFSL NCD "F" FY 2017-18 | 10-Jul-17 | 10-Jul-19 | 1,000 | 10,000 | 1,000 | 10,000 | - | - |
| TCFSL NCD "C" FY 2014-15 Op-II | 09-Jul-14 | 09-Jul-19 | 350 | 3,500 | 350 | 3,500 | 350 | 3,500 |
| TCFSL NCD "T" FY 2016-17 Op-I | 10-Jun-16 | 24-Jun-19 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "B" FY 2017-18 | 30-May-17 | 30-May-19 | 2,250 | 22,500 | 2,250 | 22,500 | - | - |
| TCFSL NCD "N" FY 2017-18 | 29-Nov-17 | 29-May-19 | 500 | 5,000 | 500 | 5,000 | - | - |
| TCFSL NCD "F" FY 2016-17 | 24-May-16 | 24-May-19 | 250 | 2,500 | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "Z" FY 2015-16 | 05-Feb-16 | 03-May-19 | 1,000 | 10,000 | 1,000 | 10,000 | 1,000 | 10,000 |
| TCFSL NCD "D" FY 2016-17 | 20-Apr-16 | 19-Apr-19 | 100 | 1,000 | 100 | 1,000 | 100 | 1,000 |
| TCFSL NCD "AC" FY 2015-16 | 31-Mar-16 | 18-Apr-19 | 213 | 2,130 | 213 | 2,130 | 213 | 2,130 |
| TCFSL NCD "A" FY 2017-18 | 10-Apr-17 | 10-Apr-19 | 10,250 | 102,500 | 10,250 | 102,500 | - | - |
| TCFSL NCD "B" FY 2016-17 | 07-Apr-16 | 08-Apr-19 | 200 | 2,000 | 200 | 2,000 | 200 | 2,000 |
| TCFSL NCD "M" FY 2017-18 | 16-Nov-17 | 28-Mar-19 | - | - | 7,500 | 75,000 | - | - |
| TCFSL NCD "AK" FY 2016-17 | 27-Mar-17 | 27-Mar-19 | - | - | 190 | 1,900 | 190 | 1,900 |
| TCFSL NCD "AA" FY 2016-17 | 06-Oct-16 | 18-Mar-19 | - | - | 500 | 5,000 | 500 | 5,000 |
| TCFSL NCD "X" FY 2016-17 | 08-Sep-16 | 08-Mar-19 | - | - | 2,500 | 25,000 | 2,500 | 25,000 |
| TCFSL NCD "AI" FY 2016-17 | 08-Feb-17 | 04-Mar-19 | - | - | 1,000 | 10,000 | 1,000 | 10,000 |
| TCFSL NCD "AH" FY 2016-17 | 06-Feb-17 | 06-Feb-19 | - | - | 1,500 | 15,000 | 1,500 | 15,000 |
| TCFSL NCD "Y" FY 2015-16 | 08-Jan-16 | 08-Jan-19 | - | - | 250 | 2,500 | 250 | 2,500 |

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|---|------------|-----------------|-----------------------|------------|-----------------------|------------|----------------------|------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL NCD "C" FY 2017-18 | 02-Jun-17 | 30-Nov-18 | - | - | 1,000 | 10,000 | - | - |
| TCFSL NCD "AF" FY 2016-17 | 29-Nov-16 | 29-Nov-18 | - | - | 3,000 | 30,000 | 3,000 | 30,000 |
| TCFSL NCD "AA" FY 2011-12 | 21-Oct-11 | 21-Oct-18 | - | - | 150 | 1,500 | 150 | 1,500 |
| TCFSL NCD "AB" FY 2016-17 | 14-Oct-16 | 12-Oct-18 | - | - | 5,450 | 54,500 | 5,450 | 54,500 |
| TCFSL NCD "R" FY 2017-18 | 23-Mar-18 | 24-Sep-18 | - | - | 2,500 | 25,000 | - | - |
| TCFSL NCD "R" FY 2011-12 | 23-Sep-11 | 23-Sep-18 | - | - | 100 | 1,000 | 100 | 1,000 |
| TCFSL NCD "W" FY 2016-17 | 06-Sep-16 | 06-Sep-18 | - | - | 2,500 | 25,000 | 2,500 | 25,000 |
| TCFSL NCD "V" FY 2016-17 Op-I | 31-Aug-16 | 31-Aug-18 | - | - | 300 | 3,000 | 300 | 3,000 |
| TCFSL NCD "S" FY 2015-16 | 26-Aug-15 | 24-Aug-18 | - | - | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "O" FY 2013-14 | 20-Aug-13 | 20-Aug-18 | - | - | 430 | 4,300 | 430 | 4,300 |
| TCFSL NCD "M" FY 2011-12 | 17-Aug-11 | 17-Aug-18 | - | - | 40 | 400 | 40 | 400 |
| TCFSL NCD "S" FY 2016-17 | 16-Aug-16 | 16-Aug-18 | - | - | 750 | 7,500 | 750 | 7,500 |
| TCFSL NCD "R" FY 2016-17 | 12-Aug-16 | 13-Aug-18 | - | - | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "Q" FY 2016-17 | 02-Aug-16 | 02-Aug-18 | - | - | 1,500 | 15,000 | 1,500 | 15,000 |
| TCFSL NCD "Q" FY 2015-16 Op-I | 13-Jul-15 | 13-Jul-18 | - | - | 50 | 500 | 50 | 500 |
| TCFSL NCD "L" FY 2015-16 | 22-Jun-15 | 22-Jun-18 | - | - | 3,800 | 38,000 | 3,800 | 38,000 |
| TCFSL NCD "G" FY 2013-14 | 22-May-13 | 22-May-18 | - | - | 2,000 | 20,000 | 2,000 | 20,000 |
| TCFSL NCD "H" FY 2013-14 | 22-May-13 | 22-May-18 | - | - | 250 | 2,500 | 250 | 2,500 |
| TCFSL NCD "D" FY 2013-14 | 07-May-13 | 07-May-18 | - | - | 200 | 2,000 | 200 | 2,000 |
| TCFSL NCD "E" FY 2013-14 | 07-May-13 | 07-May-18 | - | - | 500 | 5,000 | 500 | 5,000 |
| TCFSL NCD "A" FY 2013-14 Op-I | 23-Apr-13 | 23-Apr-18 | - | - | 850 | 8,500 | 850 | 8,500 |
| TCFSL NCD "AK" FY 2014-15 Op-II | 15-Jan-15 | 05-Apr-18 | - | - | 59 | 590 | 59 | 590 |
| TCFSL NCD "AX" FY 2014-15 Op-II | 20-Mar-15 | 03-Apr-18 | - | - | 80 | 800 | 80 | 800 |
| TCFSL NCD "BF" FY 2012-13 | 26-Mar-13 | 26-Mar-18 | - | - | - | - | 50 | 500 |
| TCFSL NCD "J" FY 2016-17 Op-I | 15-Jun-16 | 26-Mar-18 | - | - | - | - | 300 | 3,000 |
| TCFSL NCD "Y" FY 2016-17 | 30-Sep-16 | 26-Mar-18 | - | - | - | - | 1,500 | 15,000 |
| TCFSL NCD "Z" FY 2016-17 | 04-Oct-16 | 26-Mar-18 | - | - | - | - | 3,500 | 35,000 |
| TCFSL NCD "AY" FY 2014-15 Op-I | 24-Mar-15 | 23-Mar-18 | - | - | - | - | 150 | 1,500 |
| TCFSL NCD "A" FY 2016-17 | 05-Apr-16 | 20-Mar-18 | - | - | - | - | 1,250 | 12,500 |
| TCFSL NCD "E" FY 2016-17 | 22-Apr-16 | 20-Mar-18 | - | - | - | - | 700 | 7,000 |
| TCFSL NCD "C" FY 2016-17 | 13-Apr-16 | 15-Mar-18 | - | - | - | - | 2,500 | 25,000 |
| TCFSL NCD "AV" FY 2014-15 Op-II | 10-Mar-15 | 09-Mar-18 | - | - | - | - | 500 | 5,000 |
| TCFSL NCD "AT" FY 2014-15 Op-I | 02-Mar-15 | 02-Mar-18 | - | - | - | - | 650 | 6,500 |
| TCFSL NCD "AQ" FY 2014-15 | 20-Feb-15 | 12-Feb-18 | - | - | - | - | 60 | 600 |
| TCFSL NCD "AP" FY 2014-15 Op-I | 04-Feb-15 | 02-Feb-18 | - | - | - | - | 500 | 5,000 |
| TCFSL NCD "AN" FY 2014-15 | 29-Jan-15 | 29-Jan-18 | - | - | - | - | 3,000 | 30,000 |
| TCFSL NCD "AL" FY 2014-15 | 20-Jan-15 | 24-Jan-18 | - | - | - | - | 210 | 2,100 |
| TCFSL NCD "AY" FY 2012-13 | 22-Jan-13 | 22-Jan-18 | - | - | - | - | 2,000 | 20,000 |
| TCFSL NCD "BA" FY 2012-13 | 22-Jan-13 | 22-Jan-18 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "A"Z" FY 2012-13 | 22-Jan-13 | 22-Jan-18 | - | - | - | - | 3,000 | 30,000 |
| TCFSL NCD "AX" FY 2012-13 | 16-Jan-13 | 16-Jan-18 | - | - | - | - | 650 | 6,500 |
| TCFSL NCD "AK" FY 2014-15 Op-I | 15-Jan-15 | 15-Jan-18 | - | - | - | - | 97 | 970 |
| TCFSL NCD "AJ" FY 2014-15 | 14-Jan-15 | 10-Jan-18 | - | - | - | - | 162 | 1,620 |
| TCFSL NCD "L" FY 2016-17 | 07-Jul-16 | 08-Jan-18 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "AH" FY 2014-15 Op-III | 16-Dec-14 | 04-Jan-18 | - | - | - | - | 90 | 900 |
| TCFSL NCD "K" FY 2016-17 | 24-Jun-16 | 26-Dec-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "J" FY 2016-17 Op-II | 15-Jun-16 | 15-Dec-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "AF" FY 2014-15 Op-III | 08-Dec-14 | 08-Dec-17 | - | - | - | - | 50 | 500 |
| TCFSL NCD "AS" FY 2012-13 | 05-Dec-12 | 05-Dec-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "AB" FY 2014-15 Op-III | 21-Nov-14 | 29-Nov-17 | - | - | - | - | 150 | 1,500 |
| TCFSL NCD "AB" FY 2014-15 Op-II | 21-Nov-14 | 27-Nov-17 | - | - | - | - | 200 | 2,000 |
| TCFSL NCD "X" FY 2014-15 Op-II | 14-Nov-14 | 24-Nov-17 | - | - | - | - | 150 | 1,500 |
| TCFSL NCD "Y" FY 2014-15 | 18-Nov-14 | 20-Nov-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "AB" FY 2014-15 Op-I | 21-Nov-14 | 20-Nov-17 | - | - | - | - | 380 | 3,800 |
| TCFSL NCD "Z" FY 2014-15 | 19-Nov-14 | 15-Nov-17 | - | - | - | - | 740 | 7,400 |
| TCFSL NCD "AQ" FY 2012-13 | 12-Nov-12 | 10-Nov-17 | - | - | - | - | 300 | 3,000 |
| TCFSL NCD "W" FY 2015-16 | 10-Nov-15 | 10-Nov-17 | - | - | - | - | 200 | 2,000 |
| TCFSL NCD "AJ" FY 2012-13 | 09-Nov-12 | 09-Nov-17 | - | - | - | - | 5,000 | 50,000 |
| TCFSL NCD "U" FY 2014-15 | 21-Oct-14 | 20-Oct-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "V" FY 2015-16 | 21-Oct-15 | 20-Oct-17 | - | - | - | - | 1,000 | 10,000 |
| TCFSL NCD "T" FY 2014-15 Op-III | 13-Oct-14 | 18-Oct-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "S" FY 2014-15 Op-I | 09-Oct-14 | 09-Oct-17 | - | - | - | - | 50 | 500 |
| TCFSL NCD "R" FY 2014-15 Op-III | 30-Sep-14 | 29-Sep-17 | - | - | - | - | 50 | 500 |
| TCFSL NCD "R" FY 2014-15 Op-II | 30-Sep-14 | 28-Sep-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "U" FY 2015-16 | 28-Sep-15 | 28-Sep-17 | - | - | - | - | 2,000 | 20,000 |
| TCFSL NCD "S" FY 2014-15 Op-V | 09-Oct-14 | 27-Sep-17 | - | - | - | - | 22 | 220 |
| TCFSL NCD "T" FY 2014-15 Op-V | 13-Oct-14 | 26-Sep-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "T" FY 2014-15 Op-I | 13-Oct-14 | 20-Sep-17 | - | - | - | - | 1,500 | 15,000 |
| TCFSL NCD "AG" FY 2012-13 | 10-Sep-12 | 08-Sep-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "M" FY 2016-17 | 08-Jul-16 | 08-Sep-17 | - | - | - | - | 1,500 | 15,000 |
| TCFSL NCD "M" FY 2014-15 | 04-Sep-14 | 04-Sep-17 | - | - | - | - | 500 | 5,000 |
| TCFSL NCD "L" FY 2014-15 Op- I | 01-Sep-14 | 01-Sep-17 | - | - | - | - | 4,000 | 40,000 |
| TCFSL NCD "R" FY 2013-14 | 26-Aug-13 | 25-Aug-17 | - | - | - | - | 300 | 3,000 |
| TCFSL NCD "M" FY 2011-12 Partial Redemption | 17-Aug-11 | 17-Aug-17 | - | - | - | - | 30 | 300 |
| TCFSL NCD "H" FY 2016-17 | 07-Jun-16 | 10-Aug-17 | - | - | - | - | 400 | 4,000 |
| TCFSL NCD "AE" FY 2012-13 | 09-Aug-12 | 09-Aug-17 | - | - | - | - | 200 | 2,000 |
| TCFSL NCD "R" FY 2015-16 | 31-Jul-15 | 31-Jul-17 | - | - | - | - | 1,570 | 15,700 |
| TCFSL NCD "H" FY 2015-16 Op-I | 15-May-15 | 17-Jul-17 | - | - | - | - | 1,270 | 12,700 |
| TCFSL NCD "F" FY 2014-15 | 14-Jul-14 | 14-Jul-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "C" FY 2014-15 Op-I | 09-Jul-14 | 10-Jul-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "O" FY 2015-16 Op-II | 07-Jul-15 | 07-Jul-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "P" FY 2015-16 | 09-Jul-15 | 07-Jul-17 | - | - | - | - | 2,500 | 25,000 |
| TCFSL NCD "M" FY 2015-16 Op-I | 24-Jun-15 | 23-Jun-17 | - | - | - | - | 1,000 | 10,000 |
| TCFSL NCD "M" FY 2015-16 Op-II | 24-Jun-15 | 23-Jun-17 | - | - | - | - | 750 | 7,500 |
| TCFSL NCD "M" FY 2015-16 Op-III | 24-Jun-15 | 23-Jun-17 | - | - | - | - | 750 | 7,500 |
| TCFSL NCD "O" FY 2015-16 Op-I | 07-Jul-15 | 23-Jun-17 | - | - | - | - | 2,500 | 25,000 |
| TCFSL NCD "H" FY 2015-16 Op-V | 15-May-15 | 20-Jun-17 | - | - | - | - | 187 | 1,870 |
| TCFSL NCD "I" FY 2015-16 Op-V | 22-May-15 | 20-Jun-17 | - | - | - | - | 67 | 670 |
| TCFSL NCD "K" FY 2015-16 | 09-Jun-15 | 09-Jun-17 | - | - | - | - | 5,000 | 50,000 |
| TCFSL NCD "C" FY 2015-16 Op-IV | 22-Apr-15 | 01-Jun-17 | - | - | - | - | 340 | 3,400 |
| TCFSL NCD "H" FY 2015-16 Op-VI | 15-May-15 | 01-Jun-17 | - | - | - | - | 175 | 1,750 |
| TCFSL NCD "I" FY 2015-16 Op-I | 22-May-15 | 01-Jun-17 | - | - | - | - | 1,273 | 12,730 |

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|----------------------------------|------------|-----------------|-----------------------|------------------|-----------------------|------------------|----------------------|------------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL NCD "G" FY 2015-16 Op-I | 13-May-15 | 24-May-17 | - | - | - | - | 350 | 3,500 |
| TCFSL NCD "J" FY 2015-16 Op-II | 26-May-15 | 24-May-17 | - | - | - | - | 5,250 | 52,500 |
| TCFSL NCD "H" FY 2015-16 Op-IV | 15-May-15 | 24-May-17 | - | - | - | - | 220 | 2,200 |
| TCFSL NCD "B" FY 2015-16 | 20-Apr-15 | 22-May-17 | - | - | - | - | 1,026 | 10,260 |
| TCFSL NCD "H" FY 2015-16 Op-II | 15-May-15 | 22-May-17 | - | - | - | - | 780 | 7,800 |
| TCFSL NCD "I" FY 2015-16 Op-II | 22-May-15 | 17-May-17 | - | - | - | - | 200 | 2,000 |
| TCFSL NCD "H" FY 2015-16 Op-VIII | 15-May-15 | 15-May-17 | - | - | - | - | 100 | 1,000 |
| TCFSL NCD "H" FY 2015-16 Op-III | 15-May-15 | 12-May-17 | - | - | - | - | 250 | 2,500 |
| TCFSL NCD "AU" FY 2014-15 Op-III | 05-Mar-15 | 02-May-17 | - | - | - | - | 110 | 1,100 |
| TCFSL NCD "G" FY 2015-16 Op-II | 13-May-15 | 27-Apr-17 | - | - | - | - | 90 | 900 |
| TCFSL NCD "C" FY 2015-16 Op-III | 22-Apr-15 | 25-Apr-17 | - | - | - | - | 850 | 8,500 |
| TCFSL NCD "C" FY 2015-16 Op-II | 22-Apr-15 | 20-Apr-17 | - | - | - | - | 70 | 700 |
| TCFSL NCD "C" FY 2015-16 Op-I | 22-Apr-15 | 19-Apr-17 | - | - | - | - | 326 | 3,260 |
| TCFSL NCD "D" FY 2015-16 Op-II | 24-Apr-15 | 18-Apr-17 | - | - | - | - | 88 | 880 |
| TCFSL NCD "A" FY 2015-16 | 15-Apr-15 | 11-Apr-17 | - | - | - | - | 180 | 1,800 |
| TCFSL NCD "H" FY 2015-16 Op-VII | 15-May-15 | 11-Apr-17 | - | - | - | - | 120 | 1,200 |
| TCFSL NCD "AU" FY 2014-15 Op-I | 05-Mar-15 | 10-Apr-17 | - | - | - | - | 115 | 1,150 |
| TCFSL NCD "D" FY 2015-16 Op-IV | 24-Apr-15 | 05-Apr-17 | - | - | - | - | 510 | 5,100 |
| TCFSL NCD "D" FY 2015-16 Op-I | 24-Apr-15 | 03-Apr-17 | - | - | - | - | 640 | 6,400 |
| TCFSL NCD "D" FY 2015-16 Op-III | 24-Apr-15 | 03-Apr-17 | - | - | - | - | 190 | 1,900 |
| Total (A) | | | | 1,222,172 | | 1,053,700 | | 1,156,500 |
| Add: Unamortised premium | | | | 307 | | 57 | | - |
| Add: Unamortised discount | | | | (46) | | - | | - |
| Total (B) | | | | 261 | | 57 | | - |
| Less: Unamortised borrowing cost | | | | (906) | | (379) | | (453) |
| Total (C) | | | | (906) | | (379) | | (453) |
| TOTAL (A+B+C) | | | | 1,221,527 | | 1,053,378 | | 1,156,047 |

*Coupon rate of "NCDs" outstanding as on March 31, 2019 varies from 7.50% to 9.85% (March 31, 2018 : 7.50% to 10.40%) (April 01, 2017 : 7.58% to 10.75%)

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

14. 4. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2019

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|----------------------------------|------------|-----------------|----------------|----------------|
| TCFSL NCD Series I (2019) | 27-Sep-18 | 27-Sep-21 | 502,863 | 5,029 |
| TCFSL NCD Series I (2019) | 27-Sep-18 | 27-Sep-21 | 14,177,673 | 141,777 |
| TCFSL NCD Series II (2019) | 27-Sep-18 | 27-Sep-23 | 768,789 | 7,688 |
| TCFSL NCD Series II (2019) | 27-Sep-18 | 27-Sep-23 | 14,570,710 | 145,707 |
| | | | | 300,200 |
| Less: Unamortised borrowing cost | | | | (4,374) |
| Total | | | | 295,826 |

Note : Coupon rate of above outstanding as on March 31, 2019 varies from 8.70% to 8.90%

14. 5. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2018

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|----------------------------------|------------|-----------------|----------------|---------------|
| TCFSL NCD Option I (2009) | 6-Mar-09 | 5-Mar-19 | 310 | 310 |
| TCFSL NCD Option II (2009) | 6-Mar-09 | 5-Mar-19 | 177,875 | 1,779 |
| TCFSL NCD Option III (2009) | 6-Mar-09 | 5-Mar-19 | 1,497,029 | 14,970 |
| TCFSL NCD Option IV (2009) | 6-Mar-09 | 5-Mar-19 | 1,175,939 | 11,759 |
| | | | | 28,818 |
| Less: Unamortised borrowing cost | | | | (19) |
| Total | | | | 28,799 |

Note : Coupon rate of above outstanding as on March 31, 2018 varies from 9.75% to 10.50%

14. 6. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on April 01, 2017

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|----------------------------------|------------|-----------------|----------------|---------------|
| TCFSL NCD Option I (2009) | 6-Mar-09 | 5-Mar-19 | 310 | 310 |
| TCFSL NCD Option II (2009) | 6-Mar-09 | 5-Mar-19 | 177,875 | 1,779 |
| TCFSL NCD Option III (2009) | 6-Mar-09 | 5-Mar-19 | 1,497,029 | 14,970 |
| TCFSL NCD Option IV (2009) | 6-Mar-09 | 5-Mar-19 | 1,175,939 | 11,759 |
| | | | | 28,818 |
| Less: Unamortised borrowing cost | | | | (39) |
| Total | | | | 28,779 |

Note : Coupon rate of above outstanding as on April 01, 2017 varies from 9.75% to 10.50%

14. 7. Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2019

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|--|------------|-----------------|----------------|---------------|
| TCFSL Unsecured NCD A FY 2017-18 | 27-Jun-17 | 27-Jun-19 | 8,000 | 80,000 |
| TCFSL Unsecured NCD Partly paid "A" FY 2018-19 | 19-Mar-19 | 10-Aug-18 | 118 | 11,800 |
| TOTAL | | | | 91,800 |
| Less: Unamortised borrowing cost | | | | (5) |
| Total | | | | 91,795 |

Note : Coupon rate of above outstanding as on March 31, 2019 varies from 7.90% to 8.93%

14. 8. Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2018

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|------------------------------------|------------|-----------------|----------------|----------------|
| TCFSL Unsecured NCD A FY 2017-18 | 27-Jun-17 | 27-Jun-19 | 8,000 | 80,000 |
| TCFSL Unsecured NCD "A" FY 2015-16 | 12-Aug-15 | 10-Aug-18 | 2,000 | 20,000 |
| TCFSL Unsecured NCD B FY 2016-17 | 27-Apr-16 | 27-Apr-18 | 2,000 | 20,000 |
| TCFSL Unsecured NCD A FY 2016-17 | 25-Apr-16 | 25-Apr-18 | 3,000 | 30,000 |
| TOTAL | | | | 150,000 |
| Less: Unamortised borrowing cost | | | | (30) |
| Total | | | | 149,970 |

Note : Coupon rate of above outstanding as on March 31, 2018 varies from 7.90% to 9.20%

14 9. Particulars of Privately Placed unsecured non-convertible debentures ("NCDs") outstanding as on April 01, 2017

| Description of NCD | Issue Date | Redemption Date | Number of NCDs | Rs in lakh |
|---|------------|-----------------|----------------|---------------|
| TCFSL Unsecured NCD A FY 2015-16 | 12-Aug-15 | 10-Aug-18 | 2,000 | 20,000 |
| TCFSL Unsecured NCD A FY 2016-17 | 25-Apr-16 | 25-Apr-18 | 3,000 | 30,000 |
| TCFSL Unsecured NCD B FY 2016-17 | 27-Apr-16 | 27-Apr-18 | 2,000 | 20,000 |
| TCFSL Unsecured NCD B FY 2015-16 Option-I | 1-Sep-15 | 1-Sep-17 | 1,500 | 15,000 |
| TOTAL | | | | 85,000 |
| Less: Unamortised borrowing cost | | | | (38) |
| Total | | | | 84,962 |

Note : Coupon rate of above outstanding as on April 01, 2017 varies from 8.80% to 8.91%

14 10. Unsecured redeemable Non-convertible subordinated debentures includes the debentures issued to Key Management Personnel of Rs. Nil lakh (Year ended March, 31, 2018 : Rs. 20 lakh).

15. BORROWINGS (OTHER THAN DEBT SECURITIES) (IN INDIA)

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|-------------------------|-------------------------|------------------------|
| At amortised cost | | | |
| (a) Term loans | | | |
| Secured | | | |
| From Banks (Refer note 15.1 below) | 479,963 | 129,486 | 85,989 |
| Unsecured | | | |
| From Banks | 244,942 | 297,500 | 130,000 |
| (b) Loans repayable on demand | | | |
| Secured | | | |
| From Banks | | | |
| (i) Working capital demand loan (Refer note 15.1 below) | 305,000 | 268,000 | 75,000 |
| (ii) Bank Overdraft (Refer note 15.1 below) | 144,704 | 210,912 | 301,953 |
| Unsecured | | | |
| From Banks | | | |
| (i) Working capital demand loan (Refer note 15.1 below) | 35,000 | 40,000 | 11,200 |
| (c) Loan from related parties | | | |
| (i) 1,889,000,000 (March 31, 2018 : 1,520,000,000 shares and April 1, 2017 : 945,000,000 shares) Compulsorily Convertible Cumulative Preference shares of Rs.10 each fully paid up (Refer note 15.4 and 15.5 below) | 188,900 | 152,000 | 94,500 |
| (ii) Inter corporate deposits from related parties | 5,726 | 33,784 | 44,829 |
| (d) Other loans | | | |
| Unsecured | | | |
| (i) Commercial paper [Net of unamortised discount of Rs. 13,068 lakh (March 31, 2018 : Rs. 12,637 lakh and April 1, 2017 : Rs. 9,868 lakh)] | 632,423 | 641,355 | 567,612 |
| (ii) Inter corporate deposits from others | 5,000 | 7,215 | 715 |
| Total | 2,041,658 | 1,780,252 | 1,311,798 |

Note:

- 15.1. Loans and advances from banks are secured by pari passu charge on the receivables of the Company through Security Trustee.
- 15.2. **Terms of repayment of borrowings and rate of interest:**
As per terms of agreements loan from banks aggregating Rs. 724,942 lakh (Previous Year: Rs. 426,986 lakh) are repayable at maturity ranging between 12 and 49 months from the date of respective loan. Rate of interest payable on term loans varies between 8.10 % to 9.40% (March 31, 2018 : 7.45 % to 8.40%.) (April 01, 2017 : 7.95% to 9.15%)
Discount on commercial paper varies between 6.86 % to 9.19% (March 31, 2018 : 7.32 % to 8.25%.) (April 01, 2017 : 6.66% to 8.61%)
Rate of interest payable on WCDL varies between 8.45 % to 9.05% (March 31, 2018 : 7.60 % to 8.10%.) (April 01, 2017 : 7.95% to 8.70%)

Rate of interest payable on Inter-corporate deposits varies between 8.45 % to 8.84% (March 31, 2018 : 7.25 % to 8.87%.) (April 01, 2017 : 8.61% to 8.87%)
- 15.3. All the above borrowings have been borrowed in India.
- 15.4. During the year ended March 31, 2019, the Company has issued 1,025,000,000, 8.50% Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of face value Rs. 10/- each aggregating Rs. 1,025 crore, which are mandatorily convertible into equity shares after the completion of 9 years from the date of allotment. The CCCPS holders have a right to receive dividend, prior to the equity shareholders. The dividend proposed by the Board of Directors on the CCCPS is subject to the approval of the shareholders at an Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Preference Shareholders will carry a preferential right over the holder of equity shares for payment of dividend and for payment of capital, in proportion to their shareholding.

The CCCPS holders have an option to convert all or any part of the holding into equity shares at any time prior to the completion of 9 years. Conversion of CCCPS into equity shares will be based on the fair value to be determined by an independent valuer closer to the conversion date. In the year in which CCCPS are converted to equity shares, the dividend on such CCCPS, if declared by the Board, shall be paid on pro-rata basis. On February 1, 2019, the Company converted CCCPS aggregating Rs. 656 crore of face value Rs. 10/- each. The Board had not declared dividend on the CCCPS prior to conversion to equity shares.

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

| Date of Allotment | Date of Conversion | No. of Units | Rs in lakh |
|-------------------|--------------------|----------------------|----------------|
| 26-Mar-19 | 26-Mar-28 | 275,000,000 | 27,500 |
| 28-Dec-18 | 28-Dec-27 | 100,000,000 | 10,000 |
| 28-Sep-18 | 28-Sep-27 | 100,000,000 | 10,000 |
| 29-Jun-18 | 29-Jun-27 | 550,000,000 | 55,000 |
| 31-Mar-18 | 31-Mar-27 | 150,000,000 | 15,000 |
| 21-Mar-18 | 21-Mar-27 | 250,000,000 | 25,000 |
| 08-Mar-18 | 08-Mar-27 | 100,000,000 | 10,000 |
| 29-Dec-17 | 29-Dec-26 | 75,000,000 | 7,500 |
| 31-Mar-17 | 31-Mar-26 | 100,000,000 | 10,000 |
| 28-Feb-17 | 28-Feb-26 | 189,000,000 | 18,900 |
| Total | | 1,889,000,000 | 188,900 |

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

- 15.5.
- a) During the year ended March 31, 2019, the Company has declared and paid on March 26, 2019, an interim dividend for financial year 2018-19 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 11,673 lakh and dividend distribution tax thereon of Rs. 2,399 lakh.
- b) During the previous year ended March 31, 2018, the Company has declared and paid on July 27, 2017, an interim dividend for financial year 2017-18 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 2,120 lakh and dividend distribution tax thereon of Rs. 431 lakh.
- c) During the previous year ended March 31, 2018, the Company has declared and paid on August 22, 2017, a final dividend for financial year 2016-17 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 3 lakh and dividend distribution tax thereon of Rs. 1 lakh.
- d) During the previous year ended March 31, 2018, the Company has declared on March 20, 2018 and paid on March 21, 2018, an interim dividend for financial year 2017-18 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 6,603 lakh (April 01, 2017 : 4,230 lakh) and dividend distribution tax thereon of Rs. 1,344 lakh (April 01, 2017 : 861 lakh).

16. SUBORDINATED LIABILITIES

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| Unsecured | | | |
| Debentures | | | |
| Non-Convertible Subordinated Debentures (Refer note 16.1 and 16.2 below) [Net of unamortised discount of Rs. 357 lakh (March 31, 2018 : Rs. 851 lakh and April 1, 2017 : Rs. 1,299 lakh)] | 238,374 | 180,686 | 180,094 |
| Non-Convertible Perpetual Debentures (Refer note 16.3 below) | 91,386 | 91,354 | 59,683 |
| Total | 329,760 | 272,040 | 239,777 |

Note:

All the subordinated liabilities have been borrowed in India.

16. 1. Particulars of Subordinated unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2019

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|-----------------------------|------------|-----------------|-----------------------|---------------|-----------------------|------------|----------------------|------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL NCD Series III (2019) | 27-Dec-18 | 27-Dec-28 | 295,490 | 2,955 | - | - | - | - |
| TCFSL NCD Series III (2019) | 27-Dec-18 | 27-Dec-28 | 3,418,488 | 34,185 | - | - | - | - |
| Total (A) | | | | 37,140 | | - | | - |

*Note : Coupon rate of above outstanding as on March 31, 2019 varies from 9.00% to 9.10% (March 31, 2018: Nil, April 01, 2017: Nil)

16. 2. Particulars of Subordinated unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2019

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|---|------------|-----------------|-----------------------|----------------|-----------------------|----------------|----------------------|----------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL Tier-II Bond "A" FY 2018-19 | 28-Dec-18 | 28-Dec-28 | 2,000 | 20,000 | - | - | - | - |
| TCFSL Tier-II Bond "B" FY 2016-17 | 26-Oct-16 | 26-Oct-26 | 150 | 1,500 | 150 | 1,500 | 150 | 1,500 |
| TCFSL Tier-II Bond "A" FY 2016-17 | 11-Aug-16 | 11-Aug-26 | 2,000 | 20,000 | 2,000 | 20,000 | 2,000 | 20,000 |
| TCFSL Tier II Bond "B" FY 2015-16 | 30-Mar-16 | 30-Mar-26 | 2,000 | 20,000 | 2,000 | 20,000 | 2,000 | 20,000 |
| TCFSL Tier II Bond "A" FY 2015-16 | 22-Jul-15 | 22-Jul-25 | 900 | 9,000 | 900 | 9,000 | 900 | 9,000 |
| TCFSL Tier II Bond "D" FY 2014-15 | 31-Mar-15 | 31-Mar-25 | 2,000 | 20,000 | 2,000 | 20,000 | 2,000 | 20,000 |
| TCFSL Tier II Bond "C" FY 2014-15 | 30-Jan-15 | 30-Jan-25 | 750 | 7,500 | 750 | 7,500 | 750 | 7,500 |
| TCFSL Tier II Bond "B" FY 2014-15 | 07-Jan-15 | 07-Jan-25 | 350 | 3,500 | 350 | 3,500 | 350 | 3,500 |
| TCFSL Tier II Bond "A" FY 2014-15 | 26-Sep-14 | 26-Sep-24 | 1,000 | 10,000 | 1,000 | 10,000 | 1,000 | 10,000 |
| TCL Tier II Bond "H" FY 2009-10 | 24-Dec-09 | 24-Dec-19 | 1,000 | 5,000 | 1,000 | 5,000 | 1,000 | 5,000 |
| TCL Tier II Bond "G" FY 2009-10 | 18-Dec-09 | 18-Dec-19 | 3,000 | 15,000 | 3,000 | 15,000 | 3,000 | 15,000 |
| TCL Tier II Bond "E" FY 2009-10 | 15-Dec-09 | 15-Dec-19 | 5,725 | 28,625 | 5,725 | 28,625 | 5,725 | 28,625 |
| TCL Tier II Bond "F" FY 2009-10 | 30-Nov-09 | 30-Nov-19 | 1,135 | 5,318 | 1,135 | 4,824 | 1,135 | 4,376 |
| TCL Tier II Bond "D" FY 2009-10 | 28-Oct-09 | 28-Oct-19 | 1,479 | 7,395 | 1,479 | 7,395 | 1,479 | 7,395 |
| TCL Tier II Bond "C" FY 2009-10 | 28-Oct-09 | 28-Oct-19 | 1,580 | 7,900 | 1,580 | 7,900 | 1,580 | 7,900 |
| TCL Tier II Bond "B" FY 2009-10 | 09-Sep-09 | 09-Sep-19 | 1,704 | 17,040 | 1,704 | 17,040 | 1,704 | 17,040 |
| TCL Tier II Bond "A" FY 2009-10 | 04-Aug-09 | 04-Aug-19 | 391 | 3,910 | 391 | 3,910 | 391 | 3,910 |
| Total (A) | | | | 201,688 | | 181,194 | | 180,746 |
| Less: Unamortised borrowing cost | | | | (454) | | (508) | | (652) |
| | | | | 201,234 | | 180,686 | | 180,094 |

*Net of unamortised discount as on March 31, 2019 Rs.357 lakh (March 31, 2018 Rs 851 lakh, April 01, 2017 Rs 1,299 lakh)

*Note : Coupon rate of above outstanding as on March 31, 2019 varies from 8.45% to 10.50% (March 31, 2018: 8.45% to 10.50%, April 01, 2017: 8.45% to 10.50%)

16. 3 Particulars of Perpetual unsecured non-convertible debentures ("NCDs") outstanding as on March 31, 2019

| Description of NCDs | Issue Date | Redemption Date | As at March 31, 2019* | | As at March 31, 2018* | | As at April 1, 2017* | |
|---|------------|-----------------|-----------------------|---------------|-----------------------|---------------|----------------------|---------------|
| | | | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh | Number of NCDs | Rs in lakh |
| TCFSL Perpetual 'D' FY 2017-18 | 26-Mar-18 | 26-Mar-28 | 1,000 | 10,000 | 1,000 | 10,000 | - | - |
| TCFSL Perpetual 'D' FY 2017-18 | 26-Mar-18 | 26-Mar-28 | 250 | 2,500 | 250 | 2,500 | - | - |
| TCFSL Perpetual 'C' FY 2017-18 | 11-Sep-17 | 11-Sep-27 | 930 | 9,300 | 930 | 9,300 | - | - |
| TCFSL Perpetual 'B' FY 2017-18 | 14-Jul-17 | 14-Jul-27 | 500 | 5,000 | 500 | 5,000 | - | - |
| TCFSL Perpetual 'A' FY 2017-18 | 21-Jun-17 | 21-Jun-27 | 500 | 5,000 | 500 | 5,000 | - | - |
| TCFSL Perpetual 'C' FY 2016-17 | 08-Mar-17 | 08-Mar-27 | 400 | 4,000 | 400 | 4,000 | 400 | 4,000 |
| TCFSL Perpetual 'B' FY 2016-17 | 13-Jan-17 | 13-Jan-27 | 100 | 1,000 | 100 | 1,000 | 100 | 1,000 |
| TCFSL Perpetual 'A' FY 2016-17 | 30-Jun-16 | 30-Jun-26 | 500 | 5,000 | 500 | 5,000 | 500 | 5,000 |
| TCFSL Perpetual E FY 2015-16 | 23-Mar-16 | 23-Mar-26 | 1,000 | 10,000 | 1,000 | 10,000 | 1,000 | 10,000 |
| TCFSL Perpetual D FY 2015-16 | 09-Feb-16 | 09-Feb-26 | 1,000 | 10,000 | 1,000 | 10,000 | 1,000 | 10,000 |
| TCFSL Perpetual C FY 2015-16 | 02-Feb-16 | 02-Feb-26 | 500 | 5,000 | 500 | 5,000 | 500 | 5,000 |
| TCFSL Perpetual B FY 2015-16 | 06-Jan-16 | 06-Jan-26 | 500 | 5,000 | 500 | 5,000 | 500 | 5,000 |
| TCFSL Perpetual A FY 2015-16 | 16-Jul-15 | 16-Jul-25 | 1,000 | 10,000 | 1,000 | 10,000 | 1,000 | 10,000 |
| TCFSL Perpetual A FY 2013-14 | 27-Mar-14 | 27-Mar-24 | 1,871 | 9,355 | 1,871 | 9,355 | 1,871 | 9,355 |
| TCL Perpetual D FY 2011-12 | 07-Nov-11 | 07-Nov-21 | 5 | 25 | 5 | 25 | 5 | 25 |
| TCL Perpetual C FY 2011-12 | 28-Sep-11 | 28-Sep-21 | 10 | 50 | 10 | 50 | 10 | 50 |
| TCL Perpetual B FY 2011-12 | 08-Aug-11 | 08-Aug-21 | 61 | 305 | 61 | 305 | 61 | 305 |
| TCL Perpetual A FY 2011-12 | 05-May-11 | 05-May-21 | 20 | 100 | 20 | 100 | 20 | 100 |
| TCL Perpetual B FY 2010-11 | 14-Jan-11 | 14-Jan-21 | 18 | 90 | 18 | 90 | 18 | 90 |
| TCL Perpetual A FY 2010-11 | 15-Nov-10 | 15-Nov-20 | 15 | 75 | 15 | 75 | 15 | 75 |
| Total (A) | | | | 91,800 | | 91,800 | | 60,000 |
| Less: Unamortised borrowing cost | | | | (414) | | (446) | | (317) |
| | | | | 91,386 | | 91,354 | | 59,683 |

*Note : Coupon rate of above outstanding as on March 31, 2019 varies from 8.61% to 11.25% (March 31, 2018: 8.61% to 11.25%, April 01, 2017: 9.00% to 11.25%)

| Description of NCDs | Year Ended March 31, 2019 | Year Ended March 31, 2018 | Year Ended April 1, 2017 |
|--|---------------------------|---------------------------|--------------------------|
| Funds Raised through Perpetual Debt Instruments | - | 620 | 19,380 |
| Amount outstanding at the end of year | 91,800 | 91,800 | 60,000 |
| Percentage of amount of Perpetual Debt Instruments of the amount of Tier I Capital | 18.43% | 18.43% | 18.43% |
| Financial year in which interest on Perpetual Debt Instruments is not paid on account of 'Lock-In Clause'. | NA | NA | NA |

17. OTHER FINANCIAL LIABILITIES
(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|---------------------------------|---------------------------------|--------------------------------|
| (a) Security deposit | 38,512 | 31,719 | 22,475 |
| (b) Payable for capital expenditure | 2,613 | 1,842 | 908 |
| (c) Advances from customers | 2,196 | 1,677 | 1,402 |
| (d) Interest accrued but not due on borrowings | 80,871 | 77,304 | 85,466 |
| (e) Accrued employee benefit expense | 8,410 | 6,524 | 4,321 |
| (f) Unclaimed matured debentures and accrued interest thereon | 52 | 53 | 53 |
| (g) Payable under letter of credit/buyer's credit facility | 14,617 | 43,419 | 28,368 |
| (h) Amounts payable - assigned loans | 1,443 | 2,997 | 5,727 |
| Total | 148,714 | 165,535 | 148,720 |

18. PROVISIONS**(Rs. in lakh)**

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|---------------------------------|---------------------------------|--------------------------------|
| (a) Provision for gratuity | 55 | - | - |
| (b) Provision for compensated absences | 1,271 | 954 | 875 |
| (c) Provision for long-term service award | 81 | 164 | 158 |
| (d) Impairment loss allowance | | | |
| - at amortised cost | | | |
| - Stage I & II | 58,411 | 49,559 | 42,176 |
| - Stage III | 92,301 | 106,680 | 152,807 |
| (e) Sundry liabilities account (interest capitalisation) | 122 | 700 | 4,545 |
| Total | 152,241 | 158,057 | 200,561 |

19. OTHER NON-FINANCIAL LIABILITIES**(Rs. in lakh)**

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---------------------------------|---------------------------------|---------------------------------|--------------------------------|
| (a) Statutory dues | 3,730 | 3,758 | 1,305 |
| (b) Revenue received in advance | 24,358 | 18,671 | 14,919 |
| (c) Others | 835 | 766 | 598 |
| Total | 28,923 | 23,195 | 16,822 |

20. SHARE CAPITAL

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| AUTHORISED | | | |
| 2,500,000,000 (March 31, 2018: 2,500,000,000 shares and April 1, 2017 : 2,500,000,000 shares) Equity shares of Rs.10 each | 250,000 | 250,000 | 250,000 |
| 3,000,000,000 (March 31, 2018: 3,000,000,000 shares and April 1, 2017 : 3,000,000,000 shares) Preference shares of Rs.10 each | 300,000 | 300,000 | 300,000 |
| | 550,000 | 550,000 | 550,000 |
| ISSUED, SUBSCRIBED & PAID UP | | | |
| 1,375,561,658 (March 31, 2018: 1,297,550,000 shares and April 1, 2017 : 1,297,550,000 shares) Equity shares of Rs.10 each fully paid up | 137,556 | 129,755 | 129,755 |
| Total | 137,556 | 129,755 | 129,755 |

20. (a). Reconciliation of number of equity shares outstanding

| Particulars | No. of shares | Rs in lakh |
|--|----------------------|----------------|
| Equity Shares | | |
| Opening balance as on April 01, 2017 | 1,297,550,000 | 129,755 |
| Additions during the year | - | - |
| Closing Balance as on March 31, 2018 | 1,297,550,000 | 129,755 |
| Conversion of Compulsorily Convertible Cumulative Preference share | 78,011,658 | 7,801 |
| Closing Balance as on March 31, 2019 | 1,375,561,658 | 137,556 |

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

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

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

| Name of company | Particulars of issue | No. of shares | Rs in lakh |
|--|---|----------------------|----------------|
| Tata Capital Limited (Holding Company) | | | |
| Equity Shares | Opening Balance as on April 1, 2017 | 1,297,550,000 | 129,755 |
| | Closing Balance as on March 31, 2018 | 1,297,550,000 | 129,755 |
| | Add: Conversion of Compulsorily Convertible Cumulative Preference share | 78,011,658 | 7,801 |
| | Closing Balance as on March 31, 2019 | 1,375,561,658 | 137,556 |

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

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

21. OTHER EQUITY

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| (a) Securities Premium Account | 146,648 | 88,942 | 88,942 |
| (b) Debenture Redemption Reserve | 30,000 | 30,000 | 30,000 |
| (c) Special Reserve Account | 46,896 | 35,401 | 25,750 |
| (d) Surplus in Statement of Profit and Loss | 42,505 | 10,719 | (14,457) |
| (e) Other Comprehensive Income | (80) | 346 | - |
| (f) Share options outstanding account | 536 | 655 | - |
| (g) General Reserve | 429 | 162 | - |
| Total | 266,934 | 166,225 | 130,235 |

Nature and Purpose of Reserves

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

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

22. INTEREST INCOME

(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|
| On Financial Assets measured at Amortised Cost | | |
| (a) Interest on loans and credit substitutes | 480,360 | 392,663 |
| (b) Interest income on deposits with banks | 316 | 30 |
| On Financial Assets measured at fair value through OCI | | |
| (a) Interest on loans and credit substitutes | 393 | 145 |
| Total | 481,069 | 392,838 |

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

(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| (A) Net Gain / (loss) on financial instruments at fair value through profit or loss | | |
| (i) On trading portfolio | - | - |
| - Investments | - | - |
| - Derivatives | - | - |
| - Others | - | - |
| (ii) On financial instruments designated at fair value through profit or loss | - | - |
| (B) Others | 16,814 | (1,772) |
| (C) Total Net gain/(loss) on fair value changes | 16,814 | (1,772) |
| (D) Fair value changes : | | |
| -Realised | 9,087 | (601) |
| -Unrealised | 7,727 | (1,171) |
| Total Net gain/(loss) on fair value changes | 16,814 | (1,772) |

24. OTHER INCOME

(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| (a) Branch advertisement income | 832 | 1,787 |
| (b) Income from distribution of financial products | 3,790 | 4,225 |
| (c) Net gain/(loss) on derecognition of property, plant and equipment | 198 | 1,034 |
| (d) Interest on Income Tax Refund | 1 | 307 |
| (e) Miscellaneous Income | 777 | 291 |
| Total | 5,598 | 7,644 |

25. FINANCE COSTS

(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| At amortised cost | | |
| (a) Interest on borrowings | 101,271 | 41,504 |
| (b) Interest on debt securities | 115,331 | 114,114 |
| (c) Interest on subordinated liabilities | 26,354 | 24,197 |
| (d) Other interest expense | 1,182 | 1,209 |
| (e) Dividend on compulsorily convertible cumulative preference shares (including dividend distribution tax thereon) (refer note 15.5 above) | 14,194 | 10,643 |
| (f) Discounting Charges | | |
| (i) On commercial paper | 53,675 | 42,201 |
| (ii) On debentures | 494 | 448 |
| Total | 312,501 | 234,316 |

26. EMPLOYEE BENEFIT EXPENSES

(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| (a) Salaries, wages and bonus | 41,275 | 36,037 |
| (b) Contribution to provident and other fund | 1,419 | 1,279 |
| (c) Staff welfare expenses | 2,108 | 2,000 |
| (d) Expenses related to post-employment defined benefit plans | 526 | 479 |
| (e) Share based payments to employees | 148 | 817 |
| Total | 45,476 | 40,612 |

The Supreme Court of India in its judgement in the case of THE REGIONAL PROVIDENT FUND COMMISSIONER (II) WEST BENGAL v/s VIVEKANANDA VIDYAMANDIR AND OTHERS on February 28, 2019 has clarified that any emolument paid universally, necessarily and ordinarily to all employees across the board is to be considered as basic wage and accordingly needs to be considered for calculation of Provident Fund contribution. The Company has made an estimate of the liability and as a matter of caution, the Company has made a provision Rs. 630 lakh as at March 31, 2019. The Company would record any further effect in its financial statements, in the period in which it receives additional clarity on the said subject.

27. Impairment on financial instruments
(Rs. in lakh)

| PARTICULARS | For the year ended March 31, 2019 | | For the year ended March 31, 2018 | |
|--|--|---------------|--|---------------|
| | On financial instruments measured at Amortised Cost | | On financial instruments measured at Amortised Cost | |
| (I) Loans and credit substitutes | | | | |
| (a) Provision for doubtful loans (net of recoveries) Less : Delinquency Support | 37,354 (763) | 36,591 | 17,831 (5,731) | 12,100 |
| (b) Write off - Loans and credit substitutes Less : Provision reversal on write off | 51,408 (51,408) | - | 62,501 (62,501) | - |
| (c) Contingent provision against Standard Assets - at amortised cost - at FVTOCI | 8,839 84 | 8,923 | 7,380 13 | 7,393 |
| (d) Provision against Restructured Advances | | (325) | | (1,448) |
| | | 45,189 | | 18,045 |
| (II) Trade receivables | | (36) | | 260 |
| Total | | 45,153 | | 18,305 |

28. OTHER OPERATING EXPENSES**(Rs. in lakh)**

| PARTICULARS | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--|--|
| (a) Advertisements and publicity | 4,029 | 2,000 |
| (b) Brand Equity and Business Promotion | 1,503 | 1,243 |
| (c) Corporate social responsibility cost | 1,016 | 1,014 |
| (d) Donations | 1,470 | 4 |
| (e) Equipment hire charges | 219 | 348 |
| (f) Information technology expenses | 11,738 | 8,045 |
| (g) Insurance charges | 916 | 744 |
| (h) Incentive / commission/ brokerage | 225 | 268 |
| (i) Legal and professional fees | 3,806 | 3,867 |
| (j) Loan processing fees | 2,059 | 2,199 |
| (k) Printing and stationery | 993 | 783 |
| (l) Provision against assets held for sale | 1,446 | 1,405 |
| (m) Power and fuel | 975 | 905 |
| (n) Repairs and maintenance | 318 | 402 |
| (o) Rent | 3,191 | 2,249 |
| (p) Rates and taxes | 146 | 119 |
| (q) Stamp charges | 705 | 502 |
| (r) Service providers' charges | 23,327 | 15,976 |
| (s) Training and recruitment | 678 | 510 |
| (t) Communication cost | 704 | 767 |
| (u) Travelling and conveyance | 2,898 | 2,630 |
| (v) Directors fees,allowances and expenses | 120 | 221 |
| (w) Other expenses | 171 | 1,387 |
| Total | 62,653 | 47,588 |

(a) Auditors' Remuneration (excluding taxes):**(Rs. in lakh)**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--|--|--|
| Audit Fees | 88 | 106 |
| Tax Audit Fees | 4 | 4 |
| Other Services (includes out of pocket expenses) | 3 | 21 |
| | 94 | 131 |

(Auditors' remuneration is included in Other expenses)

(b) Expenditure in Foreign Currency

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---------------------------------|--|--|
| Legal and professional fees | 29 | 137 |
| Commission paid | 38 | 79 |
| Information Technology Expenses | 204 | 1,084 |
| Training and recruitment | 49 | 6 |
| Other expenses | 2 | 7 |
| | 322 | 1,313 |

(c) Corporate social responsibility expenses

(i) Gross amount required to be spent by the company during the year was Rs. 1,016 lakh (Year ended March, 31, 2018 : 1,014 lakh)

(ii) Amount spent during the year on:

| Particulars | Paid | Yet to be paid | Total |
|---------------------------------------|-------------------|-----------------------|-------------------|
| | Rs in lakh | Rs in lakh | Rs in lakh |
| Construction/acquisition of any asset | - | - | - |
| On purposes other than above | 1,016 | - | 1,016 |

29. Employee benefit expenses

A. Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a Trust by the Company. The Company is generally liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the employee provident scheme, 1952 is recognised as an expense in the year in which it is determined.

The Company recognised a charge of Rs. 1,339 Lakh (FY 2017-18 Rs.1,189 Lakh) towards provident fund and family pension fund contribution and Rs.80 Lakh (FY 2017-18 Rs. 89 Lakh) towards contribution to superannuation fund in the Statement of Profit and Loss during the current year.

B. Defined benefit plan

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount), (Included as part of contribution to provided fund, superannuation fund and other funds as referred in Note 26 of Employee Benefit Expenses). 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. On adoption of the Indian Accounting Standard (Ind AS 19) on "Employee Benefits", actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are recognised in other comprehensive income.

Each year an 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.

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

- Gratuity
- Leave Liability

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

Movement in net defined benefit (asset) liability

a) Reconciliation of balances of Defined Benefit Obligations.

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Defined Obligations at the beginning of the year | 3,326 | - | 2,926 | - |
| Current service cost | 533 | - | 509 | - |
| Interest cost | 236 | - | 211 | - |
| Plan participant's contributions | - | - | - | - |
| Exchange (gain) / loss | - | - | - | - |
| Benefits paid | - | - | - | - |
| Past service cost | - | - | - | - |
| Amalgamations / Acquisitions | (277) | - | (25) | - |
| Liabilities assumed on transfer of employees | - | - | - | - |
| Settlement cost / (credit) | - | - | - | - |
| Curtailment cost / (credit) | - | - | - | - |
| Plan amendments | - | - | - | - |
| Change in secured pensioner value | - | - | - | - |
| Due to company ceasing to be a subsidiary | - | - | - | - |
| Due to company becoming subsidiary | - | - | - | - |
| Actuarial (Gains)/ Losses on obligations arising from: | - | - | - | - |
| a. Due to change in financial assumptions | 478 | - | (44) | - |
| b. Due to change in experience adjustments | 86 | - | (34) | - |
| c. Due to experience adjustments | (43) | - | - | - |
| Others (please specify below) | - | - | - | - |
| Benefits paid directly by the Company | (524) | - | (219) | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| Defined Obligations at the end of the year | 3,815 | - | 3,326 | - |

b) Reconciliation of balances of Fair Value of Plan Assets

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| As on 31 March 2019 | | | | |
| Fair Value at the beginning of the year | 3,375 | - | 3,165 | - |
| Expected return on plan assets | (27) | - | (3) | - |
| Actuarial gain / (loss) on plan assets | - | - | - | - |
| Exchange gain/(loss) | - | - | - | - |
| Employer contributions | 414 | - | - | - |
| Plan participant's contributions | - | - | - | - |
| Benefits paid | - | - | - | - |
| Amalgamations / Acquisitions | (277) | - | (25) | - |
| Assets transferred on transfer of employees | - | - | - | - |
| Adjustment on plan settlement | - | - | - | - |
| Change in secured pensioner value | - | - | - | - |
| Others (please specify below) | - | - | - | - |
| Interest Income on Plan Assets | 276 | - | 237 | - |
| Due to company ceasing to be a subsidiary | - | - | - | - |
| Fair Value of Plan Assets at the end of the year | 3,760 | - | 3,375 | - |

c) Funded status

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | | As at April 1, 2017 | |
|---|---------------------------|----------------|---------------------------|----------------|---------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| As on 31 March 2019 | | | | | | |
| Deficit of plan assets over obligations | | | | | | |
| Surplus of plan assets over obligations | (55) | 0 | 49 | 0 | 239 | 0 |
| Unrecognised asset due to asset ceiling | | | | | | |
| Total | (55) | 0 | 49 | 0 | 239 | 0 |

d) Categories of plan assets

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | | As at April 1, 2017 | |
|---------------------------------|---------------------------|----------------|---------------------------|----------------|---------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Corporate bonds | 16 | - | 15 | - | 1,298 | - |
| Equity shares | 4 | - | 4 | - | 506 | - |
| Government securities | 17 | - | 15 | - | 1,044 | - |
| Cash including special deposits | 3,723 | - | 3,341 | - | 317 | - |
| Total | 3,760 | - | 3,375 | - | 3,165 | - |

Note : All the above are in India

e) Amount recognised in Balance sheet

| Particulars | Year ended March 31, 2019 | | Year ended March 31, 2018 | | As at April 1, 2017 | |
|--|---------------------------|----------------|---------------------------|----------------|---------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Present value of the defined benefit obligation | 3,815 | - | 3,326 | - | - | - |
| Fair value of plan assets | 3,760 | - | 3,375 | - | - | - |
| Unrecognised asset due to asset ceiling | - | - | - | - | - | - |
| Unrecognised past service costs | - | - | - | - | - | - |
| Net asset / (liability) recognised in the Balance Sheet | (55) | - | 49 | - | - | - |

f) Amount recognised in Statement of Profit and Loss

| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|--|---------------------------|----------------|---------------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| Current Service Cost | 533 | - | 509 | - |
| Past Service cost | - | - | - | - |
| Interest Cost (net) | (40) | - | (26) | - |
| Curtailment cost / (credit) | - | - | - | - |
| Settlement cost / (credit) | - | - | - | - |
| Received from intra-group companies on transfer of employees | - | - | - | - |
| Expected return on plan assets | - | - | - | - |
| Actuarial loss/(gain) recognised during the year | - | - | - | - |
| Others (please specify) | - | - | - | - |
| Expenses for the year | 494 | - | 483 | - |

g) Amount recognised in OCI

| | Year ended March 31, 2019 | | Year ended March 31, 2018 | |
|---|---------------------------|----------------|---------------------------|----------------|
| | Total Funded | Total Unfunded | Total Funded | Total Unfunded |
| a. Due to change in financial assumptions | 478 | - | (44) | - |
| b. Due to change in experience adjustments | 86 | - | (34) | - |
| c. Due to experience adjustments | (43) | - | - | - |
| d. (Return) on plan assets (excl. interest income) | 27 | - | 3 | - |
| e. Change in Asset Ceiling | - | - | - | - |
| Total remeasurements in OCI | 548 | - | (74) | - |
| Total defined benefit cost recognized in P&L and OCI | 1,042 | - | 409 | - |

h) Expected cash flows for the following year

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------------|---------------------------|---------------------------|
| Expected total benefit payments | 6,061 | 2,681 |
| Year 1 | 417 | 116 |
| Year 2 | 507 | 136 |
| Year 3 | 434 | 206 |
| Year 4 | 582 | 251 |
| Year 5 | 603 | 264 |
| Next 5 years | 3,516 | 1,709 |

i) Major Actuarial Assumptions

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 | As at April 1, 2017 |
|---|--|---|---|
| Discount Rate (%) | 7.20% | 7.70% | 7.50% |
| Non CRE : 8.25% | 7.5% for first 5 years and 6% thereafter | 7.5% for first 5 years and 6% thereafter | 7.5% for first 5 years and 6% thereafter |
| CRE and J Grade : 6% | 8.00% | 8.00% | 8.00% |
| Indian assured lives Mortality (2006-08) (modified) Ult. | Indian assured lives Mortality (2006-08) (modified) Ult. | Indian assured lives Mortality (2006-08) (modified) Ult. | Indian assured lives Mortality (2006-08) (modified) Ult. |
| Mortality Table | CRE and J Grade : 40% | 0-2 years 10%, 3-4 years 5%, 5-9 years 2.5%, 10 years and more 1% | 0-2 years 10%, 3-4 years 5%, 5-9 years 2.5%, 10 years and more 1% |
| Medical cost inflation | Non CRE : 25% | 1% | 1% |
| Disability | Less than 5 Years : 25% | 1% | 1% |
| Withdrawal (rate of employee turnover) | More than 5 years : 10% | 60 years | 60 years |
| Retirement Age | 60 years | 60 years | 60 years |
| Weighted Average Duration | - | - | - |
| Guaranteed rate of return | - | - | - |
| Estimate of amount of contribution in the immediate next year | 417 | 116 | |

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.

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.

| Particulars | March 31, 2019 | | March 31, 2018 | | April 1, 2017 | |
|--------------------------------------|----------------|----------|----------------|----------|---------------|----------|
| | Increase | Decrease | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (248) | 281 | (373) | 445 | | |
| Future salary growth (1% movement) | 276 | (249) | 446 | (380) | | |
| Others (Withdrawal rate 5% movement) | (177) | 252 | 77 | (25) | | |

j) Provision for leave encashment

| Particulars | March 31, 2019 | | March 31, 2018 | | April 1, 2017 | |
|------------------------------------|----------------|---------|----------------|---------|---------------|---------|
| | Non current | Current | Non current | Current | Non current | Current |
| Liability for compensated absences | 901 | 325 | 797 | 112 | 733 | 100 |

| Experience adjustments | Defined benefit obligation | Plan assets | Surplus/ (deficit) | Experience adjustments on plan liabilities | Experience adjustments on plan assets |
|------------------------|----------------------------|-------------|--------------------|--|---------------------------------------|
|------------------------|----------------------------|-------------|--------------------|--|---------------------------------------|

Funded

| | | | | | |
|---------|-------|-------|-----|-------|------|
| 2018-19 | 3,815 | 3,760 | - | (86) | (27) |
| 2017-18 | 3326 | 3375 | 49 | 34 | (3) |
| 2016-17 | 2926 | 3165 | 239 | (313) | 74 |

Unfunded

| | | | | | |
|---------|---|---|---|---|---|
| 2018-19 | - | - | - | - | - |
| 2017-18 | - | - | - | - | - |
| 2016-17 | - | - | - | - | - |

30. Fair values of financial instruments

See accounting policy in Note 2(iii).

A. Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- b) Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- c) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at measurement date. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Valuation techniques include net present value and discounted cash flow models, income approach, comparison with similar instruments for which observable market prices exist, option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free returns, benchmark interest rates and credit spreads used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company uses widely recognised valuation models to determine the fair value of financial instruments, such as forward rate agreement, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

For more complex instruments, the Company uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices or rates or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Company believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty where appropriate. Model inputs and values are calibrated against historical data, where possible, against current or recent observed transactions in different instruments. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management uses judgement to select the most appropriate point in the range.

Discounting of the cash flows of financial asset/ financial liability for computing the fair value of such instrument: the future contractual cash flows of instrument over the remaining contractual life of the instrument are discounted using comparable rate of lending/borrowing as applicable to financial asset/ financial liability in the month of reporting for a similar class of instruments. For shorter tenure financial assets such as channel finance, the remaining tenure is assumed to be six months.

Derivatives held for risk management :

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

30 Fair values of financial instruments

See accounting policy in Note 2(iii).

B. Valuation framework

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

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

When third party information, such as valuation agency report is used to measure fair value, the Company assesses the documents and evidence used to support the conclusion that the valuations meet the requirements of Ind AS. This includes:

- 1) understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
- 2) when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- 3) if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

Significant valuation issues are reported to the Audit Committee.

30. Fair values of financial instruments

See accounting policy in Note 2(iii).

C. Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehensive Income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Total Carrying Value |
|---------------------------------------|-----------------------------------|---|--|--|----------------|----------------------|
| Financial Assets: | | | | | | |
| Loans including credit substitutes | - | 21,080 | - | - | 4,441,317 | 4,462,397 |
| Investments (Other than in Associate) | 32,483 | - | - | - | 5,676 | 38,159 |
| Total | 32,483 | 21,080 | - | - | 4,446,993 | 4,500,556 |
| Financial Liabilities: | | | | | | |
| Borrowings | - | - | - | - | 3,980,566 | 3,980,566 |
| Total | - | - | - | - | 3,980,566 | 3,980,566 |

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

The carrying value of financial instruments by categories as at March 31, 2018 is as follows:

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehensive Income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Total Carrying Value |
|---------------------------------------|-----------------------------------|---|--|--|----------------|----------------------|
| Financial Assets: | | | | | | |
| Loans including credit substitutes | - | 3,273 | - | - | 3,695,391 | 3,698,664 |
| Investments (Other than in Associate) | 21,476 | - | - | - | 8,805 | 30,281 |
| Total | 21,476 | 3,273 | - | - | 3,704,196 | 3,728,945 |
| Financial Liabilities: | | | | | | |
| Borrowings | - | - | - | - | 3,284,439 | 3,284,439 |
| Total | - | - | - | - | 3,284,439 | 3,284,439 |

The carrying value of financial instruments by categories as at April 1, 2017 is as follows:

| Particulars | Fair value through Profit or Loss | Fair Value through Other Comprehensive Income | Derivative instruments in hedging relationship | Derivative instruments not in hedging relationship | Amortised cost | Total Carrying Value |
|---------------------------------------|-----------------------------------|---|--|--|----------------|----------------------|
| Financial Assets: | | | | | | |
| Loans including credit substitutes | - | - | - | - | 3,228,049 | 3,228,049 |
| Investments (Other than in Associate) | 14,515 | - | - | - | 12,435 | 26,950 |
| Total | 14,515 | - | - | - | 3,240,484 | 3,254,999 |
| Financial Liabilities: | | | | | | |
| Borrowings | - | - | - | - | 2,821,363 | 2,821,363 |
| Total | - | - | - | - | 2,821,363 | 2,821,363 |

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade and other payables as on March 31, 2019, March 31, 2018 and April 1, 2017 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

Investment in associates:

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

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

| As at March 31, 2019 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|---------------|--------------|---------------|---------------|
| Financial Assets: | | | | |
| Mutual fund units | - | 1,325 | - | 1,325 |
| Equity Shares | 24,029 | - | 3,503 | 27,532 |
| Preference shares | - | - | 3,500 | 3,500 |
| Security Receipts | - | 126 | - | 126 |
| Loans | - | - | 21,080 | 21,080 |
| Total | 24,029 | 1,451 | 28,083 | 53,563 |

| As at March 31, 2018 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|---------------|--------------|--------------|---------------|
| Financial Assets: | | | | |
| Mutual fund units | - | 1,125 | - | 1,125 |
| Equity Shares | 16,028 | - | 3,723 | 19,751 |
| Preference shares | - | - | - | - |
| Security Receipts | - | 600 | - | 600 |
| Loans | - | - | 3,273 | 3,273 |
| Total | 16,028 | 1,725 | 6,996 | 24,749 |

| As at April 1, 2017 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|---------------|--------------|------------|---------------|
| Financial Assets: | | | | |
| Mutual fund units | - | 1,058 | - | 1,058 |
| Equity Shares | 11,565 | - | 762 | 12,327 |
| Preference shares | - | - | - | - |
| Security Receipts | - | 1,130 | - | 1,130 |
| Loans | - | - | - | - |
| Total | 11,565 | 2,188 | 762 | 14,515 |

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, 2019 | | As at March 31, 2018 | | As at April 1, 2017 | |
|---|-------------------------|------------------|-------------------------|------------------|------------------------|------------------|
| | Carrying Value | Fair value | Carrying Value | Fair value | Carrying Value | Fair value |
| Financial Assets at amortised cost: | | | | | | |
| Loans including credit substitutes | 4,441,317 | 4,478,737 | 3,695,391 | 3,737,330 | 3,228,049 | 3,255,546 |
| Total | 4,441,317 | 4,478,737 | 3,695,391 | 3,737,330 | 3,228,049 | 3,255,546 |
| Financial Liabilities at amortised cost: | | | | | | |
| Borrowings | 3,980,566 | 3,987,327 | 3,284,439 | 3,297,121 | 2,821,363 | 2,861,808 |
| Total | 3,980,566 | 3,987,327 | 3,284,439 | 3,297,121 | 2,821,363 | 2,861,808 |

Fair value of the Financial instruments measured at amortised cost

The fair value of loans given is based on observable market transactions, to the extent available. Wherever the observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes interest rates, prepayment rates, primary origination or secondary market spreads. Input into the models may include information obtained from other market participants, which includes observed primary and secondary transactions.

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

The fair value of borrowings from banks is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date.

30. Fair values of financial instruments

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

| Financial instruments | Fair value as at | | | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|---|----------------------|----------------------|---------------------|----------------------|--|-----------------------------------|---|
| | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 | | | | |
| Equity Shares - unquoted** | 3,503 | 3,723 | 762 | Level 3 | Net asset value, based on valuation report or latest financial statements of the company | NA | NA |
| Preference shares | 3,500 | - | - | Level 3 | Dividend accrued, as per the sanction letter. | NA | NA |
| Loans | 21,080 | 3,273 | - | Level 3 | Discounted contractual cash flows.* | NA | NA |
| Financial Assets at FVTPL/FVTOCI (B) | 53,563 | 24,749 | 14,515 | | | | |

* Refer note 30 A

**Fair value of the unquoted equity investment received upon settlement of loan is computed based on the net asset value (NAV) as per the latest financial statements. Absent information available, the assets are carried at nil value.

30 Fair values of financial instruments

See accounting policy in Note 2(iii).

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) | FVTOCI | FVTPL | Total |
|-----------------------------|---------------|--------------|---------------|
| | Loans | Invetsments | |
| As at March 31, 2018 | 3,273 | 3,723 | 6,996 |
| Total gains or losses: | | | - |
| in profit or loss | - | 156 | 156 |
| in OCI | (23) | - | (23) |
| Purchases | 21,065 | - | 21,065 |
| Settlements | (3,235) | (376) | (3,611) |
| Transfers into Level 3 | - | - | - |
| Transfers out of Level 3 | - | - | - |
| As at March 31, 2019 | 21,080 | 3,503 | 24,583 |

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) | FVTOCI | FVTPL | Total |
|--|-------------|-------------|------------|
| | Loans | Invetsments | |
| For the year ended March 31, 2019 | | | |
| Total gains and losses recognised in profit or loss: | | | |
| Fair value changes : | | | |
| -Realised | - | 1,077 | 1,077 |
| -Unrealised | - | (80) | (80) |
| Recognised in FVTOCI | (23) | - | - |
| Total Net gain/(loss) on fair value changes | (23) | 997 | 974 |
| Dividend Income | | - | - |
| Interest Income | | - | - |
| Total | | - | - |

| | | | | |
|-----|-----------------------------|--------------|--------------|--------------|
| iii | (Rs. in lakh) | FVTOCI | FVTPL | Total |
| | | Loans | Invetsments | |
| | As at April 1, 2017 | - | 762 | 762 |
| | Total gains or losses: | | | - |
| | in profit or loss | - | (386) | (386) |
| | in OCI | 38 | - | 38 |
| | Purchases/transfer* | 3,235 | 3,347 | 6,582 |
| | Settlements | - | - | - |
| | Transfers into Level 3 | - | - | - |
| | Transfers out of Level 3 | - | - | - |
| | As at March 31, 2018 | 3,273 | 3,723 | 6,996 |

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

| | | | | |
|-----|---|--------|-------------|-------|
| iv | (Rs. in lakh) | FVTOCI | FVTPL | Total |
| | | Loans | Invetsments | |
| | For the year ended March 31, 2018 | | | |
| | Total gains and losses recognised in profit or loss: | | | |
| (A) | Net Gain / (loss) on financial instruments at fair value through profit or loss | | | |
| | Fair value changes : | | | |
| | -Realised | - | - | - |
| | -Unrealised | - | (386) | (386) |
| | Recognised in FVTOCI | (38) | - | - |
| | Total Net gain/(loss) on fair value changes | (38) | (386) | (386) |
| | Dividend Income | - | - | - |
| | Interest Income | - | - | - |
| | Total | - | - | - |

31 Financial risk review

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

For information on the financial risk management framework, see Note 31

- A. Credit risk
 - i. Credit quality analysis
 - ii. Collateral held and other credit enhancements
 - iii. Amounts arising from ECL
 - iv. Concentration of Credit Risk
- B. Liquidity risk
 - i. Exposure to liquidity risk
 - ii. Maturity analysis for financial liabilities and financial assets
 - iii. Financial assets available to support future funding
 - iv. Financial assets pledged as collateral
- C. Market risk
 - i. Exposure to interest rate risk – Non-trading portfolios
 - ii. Exposure to currency risks – Non-trading portfolios
- D. Capital management
 - i. Regulatory capital
 - ii. Capital allocation

- A. Credit risk

For the definition of credit risk and information on how credit risk is mitigated by the Company, see Note 31.

- 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 2ix.

31. Financial risk review(continued)

A. Credit risk

Loans by Division

1) Credit quality analysis continued

Loan exposure by Financing division

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|-------------------------|-------------------------|------------------------|
| Loans by Division | | | |
| (i) Commercial and SME finance | 2,587,106 | 2,039,039 | 1,749,710 |
| (ii) Consumer finance & advisory buisness and rural finance | 1,864,137 | 1,608,290 | 1,375,394 |
| (iii) Others | 11,154 | 51,336 | 102,945 |
| Total - Gross | 4,462,397 | 3,698,665 | 3,228,050 |
| Less : Impairment loss allowance | 150,797 | 156,252 | 194,983 |
| Total- Net Loans | 4,311,601 | 3,542,413 | 3,033,067 |

Notes:

1. Gross carrying amount does not include loan commitments Rs. 346,180 (As on March 31, 2018: Rs. 362,584 lakh ; As on 01, April 2017 : Rs. 310,845 lakh). The EAD considered for loan commitments is after applying credit conversion factor (CCF) as per RBI norms.

2. The above includes impairment allowance towards loan designated as FVTOCI amounting to Rs. 85 lakh (as on March 31, 2018 : Rs. 13 lakh ; as on April 01, 2017 : Nil)

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.

| Outstanding Gross Loans | As at March 31, 2019 | | | | March 31, 2018 | | | | April 1, 2017 | | | |
|-------------------------|----------------------|----------------|----------------|------------------|------------------|----------------|----------------|------------------|------------------|----------------|----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Days past due | | | | | | | | | | | | |
| Zero overdue | 3,953,074 | 47 | 354 | 3,953,475 | 2,985,727 | - | 839 | 2,986,566 | 2,499,861 | - | 443 | 2,500,303 |
| 1-29 days | 282,452 | 10,179 | 299 | 292,931 | 446,489 | - | 571 | 447,060 | 419,143 | - | 1,360 | 420,503 |
| 30-59 days | - | 59,733 | 401 | 60,134 | - | 99,240 | 254 | 99,495 | - | 94,546 | 682 | 95,228 |
| 60-89 days | - | 47,644 | 955 | 48,599 | - | 44,840 | 271 | 45,111 | - | 30,994 | 443 | 31,438 |
| 90 or more days | - | - | 107,259 | 107,259 | - | - | 120,432 | 120,432 | - | - | 180,578 | 180,578 |
| Total | 4,235,526 | 117,603 | 109,268 | 4,462,397 | 3,432,216 | 144,080 | 122,368 | 3,698,664 | 2,919,003 | 125,540 | 183,505 | 3,228,049 |

Note: Gross carrying amount does not include loan commitments Rs. 346,180 (As on March 31, 2018: Rs. 362,584 lakh ; As on April 01, 2017 : Rs. 310,845 lakh) which are categorised as Stage I asset under zero overdue.

| Impairment allowance on Loans | As at March 31, 2019 | | | | March 31, 2018 | | | | April 1, 2017 | | | |
|-------------------------------|----------------------|---------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|---------------|----------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Days past due | | | | | | | | | | | | |
| Zero overdue | 28,198 | 2 | 275 | 28,475 | 20,015 | - | 540 | 20,554 | 17,840 | - | - | 17,840 |
| 1-29 days | 6,329 | 2,475 | 189 | 8,994 | 10,281 | - | 540 | 10,822 | 9,166 | - | - | 9,166 |
| 30-59 days | - | 10,100 | 321 | 10,421 | - | 9,767 | 219 | 9,987 | - | 8,856 | - | 8,856 |
| 60-89 days | - | 11,391 | 533 | 11,924 | - | 9,509 | 244 | 9,753 | - | 6,314 | - | 6,314 |
| 90 or more days | - | - | 90,983 | 90,983 | - | - | 105,136 | 105,136 | - | - | 152,807 | 152,807 |
| Total | 34,527 | 23,969 | 92,301 | 150,797 | 30,296 | 19,276 | 106,679 | 156,252 | 27,006 | 15,170 | 152,807 | 194,983 |

Notes:

1. Includes impairment allowance on loan commitments Rs. 1,458 lakh (As on March 31, 2018 1,503 lakh ; As on April 01, 2017 ; 1,152 Lakh)

2. The above includes impairment allowance towards loan designated as FVTOCI amounting to Rs. 85 lakh (as on March 31, 2018 : Rs. 13 lakh ; as on April 01, 2017 : Nil)

31. Financial risk review(continued)

A. Credit risk

Loans by Division

i. Credit quality analysis continued

| As at March 31, 2019 | | Asset group | Days past due | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|---|--|---|----------------------|--|---------------------------------------|---------------------------|---|
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased significantly since initial recognition | Loans, Credit Substitutes, Finance Leases | 0 | 3,953,074 | 0.71% | 28,198 | 3,924,876 |
| | | | 1-29 | 282,452 | 2.24% | 6,329 | 276,123 |
| | | | Total | 4,235,526 | 0.82% | 34,527 | 4,200,999 |
| | | | 0 | 47 | 4.52% | 2 | 45 |
| Loss allowance measured at life-time expected credit losses | Financial assets for which credit risk has increased significantly and not credit-impaired | Loans, Credit Substitutes, Finance Leases | 1-29 | 10,179 | 24.32% | 2,475 | 7,704 |
| | | | 30-59 | 59,733 | 16.91% | 10,100 | 49,632 |
| | | | 60-89 | 47,644 | 23.91% | 11,391 | 36,252 |
| | | | Total | 117,603 | 20.38% | 23,969 | 93,634 |
| | | | 0 | 354 | 77.80% | 275 | 79 |
| | | | 1-29 | 299 | 63.29% | 189 | 110 |
| | Financial assets for which credit risk has increased significantly and credit-impaired | Loans, Credit Substitutes, Finance Leases | 30-59 | 401 | 80.02% | 321 | 80 |
| | | | 60-89 | 955 | 55.75% | 533 | 423 |
| | | | 90 days and above | 107,259 | 84.83% | 90,983 | 16,276 |
| | | | Total | 109,268 | 84.47% | 92,301 | 16,967 |
| | | | Total | 4,462,397 | 3.38% | 150,797 | 4,311,601 |

| March 31, 2018 | | Asset group | Days past due | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|---|--|---|----------------------|--|---------------------------------------|---------------------------|---|
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased | Loans, Credit Substitutes, Finance Leases | 0 | 2,985,727 | 0.67% | 20,015 | 2,965,712 |
| | | | 1-29 | 446,489 | 2.30% | 10,281 | 436,208 |
| | | | Total | 3,432,216 | 0.88% | 30,296 | 3,401,920 |
| | | | 30-59 | 99,240 | 9.84% | 9,767 | 89,473 |
| Loss allowance measured at life-time expected credit losses | Financial assets for which credit risk has increased significantly | Loans, Credit Substitutes, Finance Leases | 60-89 | 44,840 | 21.21% | 9,509 | 35,331 |
| | | | Total | 144,080 | 13.38% | 19,276 | 124,804 |
| | Financial assets for which credit risk has increased significantly and credit-impaired | Loans, Credit Substitutes, Finance Leases | 0 | 839 | 64.29% | 540 | 300 |
| | | | 1-29 | 571 | 94.63% | 540 | 31 |
| | | | 30-59 | 254 | 86.21% | 219 | 35 |
| | | | 60-89 | 271 | 89.98% | 244 | 27 |
| | | | 90 days and above | 120,432 | 87.30% | 105,136 | 15,296 |
| | | | Total | 122,368 | 87.18% | 106,679 | 15,689 |
| | | | Total | 3,698,664 | 4.22% | 156,252 | 3,542,412 |

| April 1, 2017 | | Asset group | Days past due | Estimated gross carrying amount at default | Expected probability of default | Expected credit losses | Carrying amount net of impairment provision |
|---|--|---|----------------------|--|---------------------------------------|---------------------------|---|
| Loss allowance measured at 12 month expected credit losses | Financial assets for which credit risk has not increased | Loans, Credit Substitutes, Finance Leases | 0 | 2,499,861 | 0.71% | 17,840 | 2,482,020 |
| | | | 1-29 | 419,143 | 2.19% | 9,166 | 409,977 |
| | | | Total | 2,919,003 | 0.93% | 27,006 | 2,891,997 |
| | | | 30-59 | 94,546 | 9.37% | 8,856 | 85,690 |
| Loss allowance measured at life-time expected credit losses | Financial assets for which credit risk has increased significantly | Loans, Credit Substitutes, Finance Leases | 60-89 | 30,994 | 20.37% | 6,314 | 24,680 |
| | | | Total | 125,540 | 12.08% | 15,170 | 110,370 |
| | Financial assets for which credit risk has increased significantly and credit-impaired | Loans, Credit Substitutes, Finance Leases | 0 | 443 | 0.00% | - | 443 |
| | | | 1-29 | 1,360 | 0.00% | - | 1,360 |
| | | | 30-59 | 682 | 0.00% | - | 682 |
| | | | 60-89 | 443 | 0.00% | - | 443 |
| | | | 90 days and above | 180,578 | 84.62% | 152,807 | 27,770 |
| | | | Total | 183,505 | 83.27% | 152,807 | 30,698 |
| | | | Total | 3,228,049 | 6.04% | 194,983 | 3,033,066 |

Note 1 : Gross carrying amount does not include loan commitments Rs. 346,180 (As on March 31, 2018: Rs. 362,584 lakh ; As on 01, April 2017 : Rs. 310,845 lakh).

Note 2 : Includes impairment allowance on loan commitments Rs. 1,458 lakh (As on March 31, 2018 1,503 lakh ; As on April 01, 2017 ; 1,152 Lakh)

31. Financial risk review(continued)

Amt in Lakh

A. Credit risk

| 4) | PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|----|---|---------------------------------|---------------------------------|--------------------------------|
| | LOANS | | | |
| | - Amortised Cost | 4,441,317 | 3,695,391 | 3,228,049 |
| | - At Fair Value through Other Comprehensive Income | 21,080 | 3,273 | - |
| | Total - Gross Loans | 4,462,397 | 3,698,664 | 3,228,049 |
| | Less: Un-Amortized Processing Fees net of DMA Commission | (11,756) | (7,969) | (4,584) |
| | Total - Carrying Value of Loans | 4,450,641 | 3,690,695 | 3,223,465 |
| | Less : Impairment Allowance | (150,797) | (156,252) | (194,983) |
| | Total - Net Loans | 4,299,844 | 3,534,443 | 3,028,482 |

31. Financial risk review(continued)

A. Credit risk

i. Credit quality analysis continued

Derivative Financial Instruments

The Company enters into derivatives contract for risk management purposes and has elected not 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 February 28, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|---|----------------------------|------------------------|-----------------------------|-------------------------|------------------------|-----------------------------|------------------------|------------------------|-----------------------------|
| | Notional Amounts | Fair Value - Assets | Fair Value - Liabilities | Notional Amounts | Fair Value - Assets | Fair Value - Liabilities | Notional Amounts | Fair Value - Assets | Fair Value - Liabilities |
| Foreign Exchange Forward contracts | - | - | - | 3,718 | 65 | - | - | - | - |
| Total | - | - | - | 3,718 | 65 | - | - | - | - |

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

The Company is exposed to foreign currency risk related to plant and equipment imported and deployed under operating leases to its customer and the primary risk of payment terms in foreign currency is managed by entering into a forward rate purchase agreement.

The Corporation's risk management strategy and how it is applied to manage risk are explained in Note 2(ix).

The foreign exchange forward contracts are not designated in a hedging relationship and are entered into for periods consistent with exposure of the underlying transactions, generally from 6 to 12 months.

31. Financial risk review(continued)

A. Credit risk

ii Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.

The main types of collateral obtained are as follows:

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

For retail lending, mortgages over residential properties is obtained. For vehicle and tractor loans, the respective movable asset is hypothecated to the Company.

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

| Particulars | Category of collateral available | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--------------------------------------|---|----------------------------|----------------------------|---------------------------|
| Financial assets | | | | |
| Loans | | | | |
| Bills purchased and bills discounted | Charge on Trade receivables and inventories | 32,612 | 52,394 | 40,969 |
| Term loans | A) Charges over: i) real estate properties (including residential and commercial), ii) Property and equipment, iii) inventory and trade receivables, iv) marketable securities (equity and debt securities) | 4,182,619 | 3,460,619 | 3,034,771 |
| Credit substitutes | B) hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors C) floating charge on corporate assets as mentioned in point A | 160,381 | 116,771 | 94,846 |
| Finance lease and hire purchase | Hypothecation of the underlying asset financed, primarily includes plant and equipment | 51,874 | 43,438 | 31,843 |
| Retained portion of assigned loans | mortgages over residential properties | 3,420 | 5,567 | 7,018 |
| Total | | 4,430,906 | 3,678,789 | 3,209,447 |

Assets obtained by taking possession of collateral

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

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

As on March 31, 2019, the Company is in possession of non current assets held for sale (NCAHS) which have been recorded in the financial statements amounting to Rs. NIL lakh (As on March 31, 2018 Rs 1,326 lakh ; As on April 1, 2017 Rs 3,582 lakh)

The Company has written-off loans of Rs. 51,408 lakh in financial year ended March 31, 2019 (Previous year : Rs. 62,501 lakh). The Company retains its contractual right against the obligor and may pursue all remedies to recover these dues.

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

| Particulars | Categories of collaterals available | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--------------------------------------|---|----------------------------|----------------------------|---------------------------|
| Financial assets | | | | |
| Loans | | | | |
| Bills purchased and bills discounted | Charge on Trade receivables and inventories | 229 | 229 | - |
| Term loans | A) Charges over: i) real estate properties (including residential and commercial), ii) Property and equipment, iii) inventory and trade receivables, iv) marketable securities (equity and debt securities) | 6,172 | 25,715 | 44,344 |
| Credit substitutes | B) hypothecation of underlying asset financed such as construction and earth moving equipment, vehicles and tractors C) floating charge on corporate assets as mentioned in point A | 826 | 13,326 | 7,806 |
| Total | | 7,228 | 39,271 | 52,150 |

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

31. Financial risk review(continued)

A. Credit risk

iii Amounts arising from ECL

Impairment allowance on financial asset is covered in note (ix)

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 and reschedulement of loans. These factors are applied uniformly for each lending product. Additionally, for CSFD, Executive committee for labelling reviews accounts having breach of criteria's such as security deferral beyond 45 days and one notch rating down grade. Upon review the committee may conclude that the account qualifies for classification as stage 2 since there is increase in credit risk. The determination of the credit risk is for each product, considering the unique risk and rewards associated with it. The Company has observed varied level of risk across various buckets within each stage and a significant increase in risk in stage 2.

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(ix) in Significant accounting policies for definition of Stages of Asset

2) Assumptions:

The Company has applied following assumptions for determination of ECL.

- 1) "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
- 2) "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- 3) "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company including loan commitments.
- 4) Definition of default: A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Further if the customer has requested forbearance in repayment terms, such restructured, rescheduled or renegotiated accounts are also classified as Stage 3. Non-payment on another obligation of the same customer is also considered as a stage 3.
- 5) Forward looking information

The Company incorporates forward looking information into both assessments of whether the credit risk of an

instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a ‘base case’ view of the future direction of relevant economic variables such as real GDP, domestic credit growth, money market interest rate etc. as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes. More weight is applied to pessimistic outcome consistently as a matter of prudence than optimistic outcome.

The below table indicates the macro economic variables used for determination of the One year probability of default and life time probability of default:

| Marco economic parameters used* | Measurement metric (% change / value) | Base case | Optimistic case | Pessimistic case |
|---|--|------------------|------------------------|-------------------------|
| a) Private consumption, | Private consumption (% real change pa) | 7.60 | 8.08 | 7.12 |
| b) contribution to real GDP growth/Real GDP | Real GDP (% change pa) | 7.70 | 8.22 | 7.18 |
| c) Housing Price Index, | Housing Price Index (change in % change) | -0.40 | 0.77 | -1.57 |
| d) Lending interest rate, | Lending Interest Rate (%) | 9.60 | 9.91 | 9.29 |
| e) Average real wages | Average real wages (% change pa) | 4.40 | 5.15 | 3.65 |
| f) Real agriculture | Real agriculture - [Y] | 19,083.20 | 20,101.75 | 18,064.65 |
| g) Recorded unemployment | Recorded unemployment (%) | 8.70 | 8.39 | 9.01 |
| h) Consumer prices | Consumer prices (% change pa; av) | 4.90 | 5.99 | 3.81 |

Note: The Company has applied more weights to the pessimistic case as compared to the Optimistic case.

6) Assessment of significant increase in credit risk

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Additionally, accounts identified and reviewed by the Executive committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

3) Estimation techniques:

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

- 1) The Company has used historic default rates for calculating the 12-month PD and Lifetime PDs
- 2) Loss given default is calculated after considering outstanding at the time of default and adjusting for actual recoveries basis time value of money, absent availability of internal data we have used information to the extent available from Basel norms.

i) Credit risk monitoring techniques

Exposures are subject to ongoing monitoring, which may indicate that a significant increase in credit risk has occurred on an exposure. The monitoring typically involves use of the following data for Corporate and Retail exposures:

- ii) Overdue status
- iii) Restructuring, reschedulement of loans and requests for granting of forbearance
- iv) Fraudulent customer

v) Marked as high risk by the Risk Management Committee

vi) Techniques for determining PD

Days past due are a primary input for the determination of the PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by product. For some portfolios, information published in Basel IRB norms is also used.

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

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

- a) Private consumption;
- b) contribution to real GDP growth;
- c) Housing Price Index;
- d) Lending interest rate;
- e) Average real wages;
- f) Real agriculture;
- g) Recorded unemployment;
- h) Consumer prices;
- i) Real GDP.

Based on advice from the external risk management experts, the Company considered variety of external actual and

forecast information to formulate a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. Such forecasts are adjusted to estimate the PDs.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

A maximum of a 12-month PD or actual contractual tenure is considered for financial assets for which credit risk has not significantly increased. The Company measures ECL for stage 2 and stage 3 assets considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

The portfolio is subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Company has limited historical data, external benchmark information is used to supplement the internally available data.

vii) Techniques for determining LGD:

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates against defaulted counterparties. The LGD models consider the cash flow received, assets received in lieu of settlement of loan and collateral available for subsequent recovery that is integral to the financial asset. LGD estimates are calculated on a discounted cash flow basis using the internal rate of return as the discounting factor. Company has observed challenges in the resolution of defaulted accounts with ageing more than two years and accordingly a higher LGD estimate is applied assuming nil recoveries towards such accounts.

viii) Techniques for computation of EAD

a) EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including

amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on credit conversion factor prescribed by RBI for various loan commitments. For financial assets in stage 2, EAD is determined by estimating the possible exposure in future using linear amortisation techniques.

- b) For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the loan and the cash flows that the Company expects to receive if the loan is drawn down. Outstanding exposure for utilised limit as well as un-utilised limit post applying the credit conversion factor as prescribed under RBI guidelines, absent availability of information of past history of conversion of un-utilised limits into utilised limits is considered as exposure at default for non-fund based facilities.

31. Financial risk review(continued)

A. Credit risk

iii Amounts arising from ECL

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

| a) Particulars | For the period ended March 31, 2019 | | | | For the period ended March 31, 2018 | | | |
|--|--|----------------|----------------|------------------|--|----------------|----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Gross carrying amount opening balance | 3,432,216 | 144,080 | 122,368 | 3,698,664 | 2,919,003 | 125,540 | 183,505 | 3,228,049 |
| New assets originated or purchased | 2,332,521 | - | - | 2,332,521 | 1,976,451 | - | - | 1,976,451 |
| Assets derecognised or repaid (excluding write offs) | (1,396,631) | (34,947) | (26,323) | (1,457,901) | (1,340,718) | (28,922) | (45,646) | (1,415,286) |
| Transfers to Stage 1 | 46,288 | (57,073) | (4,357) | (15,142) | 62,104 | (57,594) | (7,464) | (2,954) |
| Transfers to Stage 2 | (117,654) | 93,772 | (2,331) | (26,213) | (138,574) | 126,633 | (4,348) | (16,289) |
| Transfers to Stage 3 | (56,264) | (25,253) | 66,433 | (15,085) | (44,095) | (19,357) | 51,544 | (11,909) |
| Amounts written off | (4,950) | (2,977) | (46,521) | (54,448) | (1,955) | (2,219) | (55,224) | (59,398) |
| Gross carrying amount closing balance | 4,235,526 | 117,603 | 109,268 | 4,462,397 | 3,432,216 | 144,080 | 122,368 | 3,698,664 |

Note : Gross carrying amount does not include loan commitments Rs. 346,180 (As on March 31, 2018: Rs. 362,584 lakh ; As on 01, April 2017 : Rs. 310,845 lakh).

| b) Particulars | For the period ended March 31, 2019 | | | | For the period ended March 31, 2018 | | | |
|--|--|---------------|---------------|----------------|--|---------------|----------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| ECL allowance - opening balance | 30,296 | 19,276 | 106,679 | 156,252 | 27,006 | 15,170 | 152,807 | 194,983 |
| New assets originated or purchased | 34,429 | - | - | 34,429 | 36,070 | - | - | 36,070 |
| Assets derecognised or repaid (excluding write offs) | (12,873) | (4,243) | (22,752) | (39,868) | (13,140) | (3,694) | (33,178) | (50,012) |
| Transfers to Stage 1 | 355 | (5,520) | (2,374) | (7,538) | 746 | (5,088) | (5,234) | (9,576) |
| Transfers to Stage 2 | (4,782) | 19,516 | (1,242) | 13,492 | (6,011) | 16,561 | (2,096) | 8,454 |
| Transfers to Stage 3 | (12,641) | (4,006) | 57,418 | 40,770 | (14,307) | (3,185) | 46,006 | 28,515 |
| Amounts written off | (257) | (1,055) | (45,429) | (46,740) | (68) | (488) | (51,626) | (52,182) |
| ECL allowance - closing balance | 34,527 | 23,969 | 92,301 | 150,797 | 30,296 | 19,276 | 106,679 | 156,252 |

Note : Includes impairment allowance on loan commitments Rs. 1,458 lakh (As on March 31, 2018 1,503 lakh ; As on April 01, 2017 ; 1,152 Lakh)

31. Financial risk review(continued)

A. Credit risk

iii Amounts arising from ECL

Modified financial assets

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

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

The Risk Management Committee regularly reviews reports on forbearance activities.

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

Exposure to modified financial assets

(Rs. in lakh)

| PARTICULARS | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|---|----------------------------|----------------------------|------------------------|
| | | | |
| Loan exposure to modified financial assets | | | |
| (i) Gross carrying amount | 5,360 | 18,004 | 51,756 |
| (ii) Impairment allowance | 2,431 | 13,616 | 42,577 |
| (iii) Net carrying amount | 2,929 | 4,388 | 9,178 |

31. Financial risk review(continued)

A. Credit risk

Loans by Division

iv) Concentration of Credit Risk

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

| STAGE | March 31, 2019 | | | | March 31, 2018 | | | | April 1, 2017 | | | |
|--------------------------------------|------------------|----------------|----------------|------------------|------------------|----------------|----------------|------------------|------------------|----------------|----------------|------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| SBU | | | | | | | | | | | | |
| Consumer Finance & Advisory Business | 1,715,155 | 82,360 | 66,622 | 1,864,137 | 1,495,226 | 58,891 | 54,134 | 1,608,251 | 1,280,048 | 42,215 | 53,130 | 1,375,393 |
| Corporate & SME Finance Division | 2,510,688 | 35,243 | 41,175 | 2,587,106 | 1,922,813 | 85,189 | 31,074 | 2,039,077 | 1,608,357 | 83,048 | 58,305 | 1,749,710 |
| Others | 9,683 | | 1,471 | 11,154 | 14,176 | - | 37,160 | 51,336 | 30,598 | 277 | 72,070 | 102,945 |
| Total | 4,235,526 | 117,603 | 109,268 | 4,462,397 | 3,432,216 | 144,080 | 122,368 | 3,698,664 | 2,919,003 | 125,540 | 183,505 | 3,228,049 |

Note : Gross carrying amount does not include loan commitments Rs. 346,180 (As on March 31, 2018: Rs. 362,584 lakh ; As on 01, April 2017 : Rs. 310,845 lakh).

| STAGE | March 31, 2019 | | | | March 31, 2018 | | | | April 1, 2017 | | | |
|--------------------------------------|----------------|---------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|---------------|----------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| SBU | | | | | | | | | | | | |
| Consumer Finance & Advisory Business | 20,217 | 19,938 | 56,182 | 96,338 | 17,122 | 12,474 | 42,588 | 72,184 | 15,092 | 8,937 | 37,325 | 61,354 |
| Corporate & SME Finance Division | 14,147 | 4,031 | 36,119 | 54,296 | 12,587 | 6,802 | 25,211 | 44,600 | 9,851 | 6,161 | 43,070 | 59,082 |
| Others | 163 | | | 163 | 587 | - | 38,880 | 39,467 | 2,063 | 72 | 72,412 | 74,547 |
| Total | 34,527 | 23,969 | 92,301 | 150,797 | 30,296 | 19,276 | 106,679 | 156,252 | 27,006 | 15,170 | 152,807 | 194,983 |

Note : Includes impairment allowance on loan commitments Rs. 1,458 lakh (As on March 31, 2018 1,503 lakh ; As on April 01, 2017 ; 1,152 Lakh)

31. 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 31.

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.

31. Financial risk review(continued)

B. Liquidity risk

ii. Maturity analysis of assets and liabilities

The table below set out carrying amount of non-derivative financial assets and financial liability 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.

| | As at March 31, 2019 | | | As at March 31, 2018 | | | April 1, 2017 | | |
|-------------------------------------|----------------------|------------------|------------------|----------------------|------------------|------------------|------------------|------------------|------------------|
| ASSETS | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| Financial assets | 2,412,903 | 2,156,351 | 4,569,254 | 2,051,618 | 1,761,258 | 3,812,876 | 1,763,436 | 1,554,794 | 3,318,230 |
| Cash and cash equivalents | 25,163 | - | 25,163 | 8,128 | - | 8,128 | 7,337 | - | 7,337 |
| Bank Balance other than (a) above | 36 | - | 36 | - | 4,462 | 4,462 | 3 | - | 3 |
| Trade Receivables | 3,454 | - | 3,454 | 6,675 | - | 6,675 | 2,001 | - | 2,001 |
| Loans | 2,349,241 | 2,113,156 | 4,462,397 | 1,978,905 | 1,719,759 | 3,698,664 | 1,704,903 | 1,523,146 | 3,228,049 |
| Investments | 1,887 | 36,272 | 38,159 | 1,077 | 29,204 | 30,281 | 795 | 26,155 | 26,950 |
| Other financial assets | 33,122 | 6,923 | 40,045 | 56,833 | 7,833 | 64,666 | 48,397 | 5,493 | 53,890 |
| Non-financial Assets | 47,222 | 167,478 | 214,700 | 35,162 | 141,946 | 177,108 | 22,919 | 159,419 | 182,338 |
| Current tax asset | 8,797 | - | 8,797 | 6,265 | - | 6,265 | 5,818 | - | 5,818 |
| Deferred tax Assets (Net) | - | 64,324 | 64,324 | - | 62,684 | 62,684 | - | 70,970 | 70,970 |
| Investment property | - | - | - | - | - | - | - | - | - |
| Property, Plant and Equipment | - | 91,487 | 91,487 | - | 69,000 | 69,000 | - | 77,052 | 77,052 |
| Capital work-in-progress | - | 62 | 62 | - | 101 | 101 | - | 518 | 518 |
| Intangible assets under development | - | 108 | 108 | - | 39 | 39 | - | 655 | 655 |
| Other Intangible assets | - | 2,179 | 2,179 | - | 2,314 | 2,314 | - | 1,109 | 1,109 |
| Other non-financial assets | 38,425 | 9,318 | 47,743 | 28,897 | 7,808 | 36,705 | 17,101 | 9,115 | 26,216 |
| Asset held for sale | - | - | - | - | - | - | - | - | - |
| Total Assets | 2,460,125 | 2,323,829 | 4,783,954 | 2,086,781 | 1,903,203 | 3,989,984 | 1,786,354 | 1,714,214 | 3,500,568 |

| | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| LIABILITIES | | | | | | | | | |
| Financial Liabilities | 2,337,251 | 1,847,939 | 4,185,190 | 1,855,600 | 1,647,038 | 3,502,638 | 2,017,719 | 996,901 | 3,014,620 |
| Derivative financial instruments | - | - | - | 98 | - | 98 | - | - | - |
| Trade Payables | - | - | - | - | - | - | - | - | - |
| (i) Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - | - | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 55,910 | - | 55,910 | 52,566 | - | 52,566 | 44,537 | - | 44,537 |
| Debt Securities | 704,193 | 904,955 | 1,609,148 | 467,880 | 764,267 | 1,232,147 | 724,550 | 545,238 | 1,269,788 |
| Borrowings (Other than debt securities) | 1,377,758 | 663,900 | 2,041,658 | 1,184,752 | 595,500 | 1,780,252 | 1,116,583 | 195,215 | 1,311,798 |
| Deposits | - | - | - | - | - | - | - | - | - |
| Subordinated liabilities | 89,677 | 240,083 | 329,760 | - | 272,040 | 272,040 | - | 239,777 | 239,777 |
| Other financial liabilities | 109,713 | 39,001 | 148,714 | 150,304 | 15,231 | 165,535 | 132,049 | 16,671 | 148,720 |
| | | | | | | | | | |
| Non-Financial Liabilities | 115,573 | 78,701 | 194,274 | 122,949 | 68,417 | 191,366 | 146,151 | 79,807 | 225,958 |
| Current tax liability | 13,110 | - | 13,110 | 10,114 | - | 10,114 | 8,575 | - | 8,575 |
| Provisions | 102,463 | 49,778 | 152,241 | 112,835 | 45,222 | 158,057 | 137,576 | 62,985 | 200,561 |
| Deferred tax liabilities (Net) | - | 28,923 | 28,923 | - | 23,195 | 23,195 | - | 16,822 | 16,822 |
| Liability and disposal groups held for sale | | | | | | | | | |
| | | | | | | | | | |
| Total liabilities | 2,452,823 | 1,926,641 | 4,379,464 | 1,978,549 | 1,715,455 | 3,694,004 | 2,163,870 | 1,076,708 | 3,240,578 |
| Net | 7,301 | 397,189 | 404,490 | 108,231 | 187,749 | 295,980 | - 377,516 | 637,506 | 259,990 |

31. Financial risk review(continued)

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

The amounts in the table above have been compiled as follows.

| Type of financial instrument | Basis on which amounts are compiled |
|---|--|
| Non-derivative financial liabilities and financial assets | Undiscounted cash flows, which include estimated interest payments. |
| Loans disbursed to customers and unrecognised loan commitments | Earliest possible contractual maturity. |
| Derivative financial liabilities and financial assets held for risk management purposes | The Derivative liability amount represents the Mark to market(MTM) gain. |

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

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

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

31. Financial risk review(continued)

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

| As at April 1, 2019 | Note | 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 | | 55,910 | 55,910 | - | 57,090 | - | - | - | 57,090 | - |
| Debt securities issued | 14 | 1,614,433 | 1,614,433 | 107,630 | 122,500 | 479,348 | 879,628 | 25,327 | 709,478 | 904,955 |
| Borrowings | 15 | 2,041,864 | 2,041,864 | 307,114 | 745,148 | 325,702 | 475,000 | 188,900 | 1,377,964 | 663,900 |
| Subordinated liabilities | 16 | 330,628 | 330,628 | - | - | 90,545 | 9,643 | 230,440 | 90,545 | 240,083 |
| Other financial liabilities | | 148,714 | 148,714 | 2,918 | 10,606 | 95,293 | 39,898 | - | 108,817 | 39,898 |
| Derivative liabilities | | - | - | - | - | - | - | - | - | - |
| Total | | 4,191,549 | 4,191,549 | 417,662 | 935,344 | 990,888 | 1,404,169 | 444,667 | 2,343,894 | 1,848,836 |
| Market Borrowings | | 2,588,219 | 2,588,219 | 212,879 | 553,148 | 677,154 | 889,271 | 255,767 | 1,443,181 | 1,145,038 |
| Bank borrowings | | 1,209,807 | 1,209,807 | 201,865 | 314,500 | 218,442 | 475,000 | - | 734,807 | 475,000 |
| Total Borrowings excluding CCCPS | | 3,798,025 | 3,798,025 | 414,744 | 867,648 | 895,595 | 1,364,271 | 255,767 | 2,177,988 | 1,620,038 |
| Financial asset by type | | | | | | | | | | |
| Non-derivative assets | | | | | | | | | | |
| Cash and cash equivalents | 4 | 25,163 | 25163 | 25163 | - | - | - | - | 25,163 | - |
| Bank balances | 5 | 36 | 36 | 36 | - | - | - | - | 36 | - |
| Receivables | 6 | 3,454 | 3454 | 3454 | - | - | - | - | 3,454 | - |
| Loans | 7 | 4,462,397 | 4,462,397 | 290,974 | 852,930 | 1,053,399 | 1,549,542 | 715,552 | 2,197,302 | 2,265,095 |
| Investments | 8 | 38,032 | 38032 | - | - | 1,379 | 36,653 | - | 1,379 | 36,653 |
| Other Financial Assets | 9 | 40,045 | 40045 | - | - | 33,133 | 6,912 | - | 33,133 | 6,912 |
| Derivative assets | | - | - | - | - | - | - | - | - | - |
| Total | | 4,569,127 | 4,569,127 | 319,627 | 852,930 | 1,087,910 | 1,593,107 | 715,552 | 2,260,467 | 2,308,660 |

31. Financial risk review(continued)

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

| As at April 1, 2018 | Note | 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 | | 52,566 | 52,566 | - | 52,566 | - | - | - | 52,566 | - |
| Debt securities issued | 14 | 1,232,576 | 1,232,576 | 59,890 | 67,500 | 340,918 | 747,267 | 17,000 | 468,308 | 764,267 |
| Borrowings | 15 | 1,780,296 | 1,780,296 | 387,948 | 436,832 | 360,017 | 443,500 | 152,000 | 1,184,796 | 595,500 |
| Subordinated liabilities | 16 | 272,994 | 272,994 | - | - | - | 90,339 | 182,655 | - | 272,994 |
| Other financial liabilities | | 165,535 | 165,535 | 3,589 | 8,201 | 121,255 | 32,490 | - | 133,045 | 32,490 |
| Derivative liabilities | | | | | | | | | | |
| | | - | - | - | - | - | - | - | - | - |
| Total | | 3,503,967 | 3,503,967 | 451,427 | 512,533 | 822,190 | 1,313,596 | 351,655 | 1,786,150 | 1,665,251 |
| Financial asset by type | | | | | | | | | | |
| Non-derivative assets | | | | | | | | | | |
| Market Borrowings | | 2,187,932 | 2,187,932 | 187,904 | 504,332 | 458,435 | 837,606 | 199,655 | 1,150,671 | 1,037,261 |
| Bank borrowings | | 945,934 | 945,934 | 259,934 | - | 242,500 | 443,500 | - | 502,434 | 443,500 |
| Total Borrowings excluding CCCPS | | 3,133,866 | 3,133,866 | 447,838 | 504,332 | 700,935 | 1,281,106 | 199,655 | 1,653,104 | 1,480,761 |
| Non-derivative assets | | | | | | | | | | |
| Cash and cash equivalents | 4 | 8,128 | 8128 | 8,128 | - | - | - | - | 8,128 | - |
| Bank balances | 5 | 4,462 | 4462 | 4,462 | - | - | - | - | 4,462 | - |
| Receivables | 6 | 6,675 | 6675 | 6,675 | - | - | - | - | 6,675 | - |
| Loans | 7 | 3,698,664 | 3,698,664 | 265,026 | 779,313 | 847,782 | 1,273,789 | 532,755 | 1,892,120 | 1,806,544 |
| Investments | 8 | 29,472 | 29472 | - | - | 1,362 | 28,110 | - | 1,362 | 28,110 |
| Other Financial Assets | 9 | 64,666 | 64666 | - | - | 56581 | 8085 | - | 56,581 | 8,085 |
| Derivative assets | | | | | | | | | | |
| | | - | - | - | - | - | - | - | - | - |
| Total | | 3,812,067 | 3,812,067 | 284,291 | 779,313 | 905,724 | 1,309,984 | 532,755 | 1,969,328 | 1,842,739 |

31. Financial risk review(continued)

B. Liquidity risk

ii. Maturity analysis for financial liabilities and financial assets

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

| As at April 1, 2017 | Note | 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 | | 44,537 | 44,537 | - | 44,537 | - | - | - | 44,537 | - |
| Debt securities issued | 14 | 1,270,318 | 1,270,318 | 31,790 | 203,280 | 490,010 | 523,238 | 22,000 | 725,080 | 545,238 |
| Borrowings | 15 | 1,311,844 | 1,311,844 | 528,916 | 362,621 | 225,092 | 100,715 | 94,500 | 1,116,629 | 195,215 |
| Subordinated liabilities | 16 | 240,746 | 240,746 | - | - | - | 89,246 | 151,500 | - | 240,746 |
| Other financial liabilities | | 148,720 | 148,720 | 7,148 | 5,723 | 109,003 | 26,845 | - | 121,875 | 26,845 |
| Derivative liabilities | | - | - | - | - | - | - | - | - | - |
| Total | | 3,016,165 | 3,016,165 | 567,855 | 571,624 | 824,106 | 740,044 | 268,000 | 1,963,584 | 1,008,044 |
| Market Borrowings | | 2,124,240 | 2,124,240 | 157,537 | 560,901 | 619,102 | 613,199 | 173,500 | 1,337,541 | 786,699 |
| Bank borrowings | | 604,169 | 604,169 | 403,169 | 5,000 | 96,000 | 100,000 | - | 504,169 | 100,000 |
| Total Borrowings excluding CCCPS | | 2,728,409 | 2,728,409 | 560,706 | 565,901 | 715,102 | 713,199 | 173,500 | 1,841,709 | 886,699 |
| Financial asset by type | | | | | | | | | | |
| Non-derivative assets | | | | | | | | | | |
| Cash and cash equivalents | 4 | 7,337 | 7337 | 7337 | - | - | - | - | 7,337 | - |
| Bank balances | 5 | 3 | 3 | 3 | - | - | - | - | 3 | - |
| Receivables | 6 | 2,001 | 2001 | 2001 | - | - | - | - | 2,001 | - |
| Loans | 7 | 3,228,049 | 3,228,049 | 100,000 | 1,000,000 | 2,000,000 | 128,049 | - | 3,100,000 | 128,049 |
| Investments | 8 | 26,409 | 26409 | - | - | 802 | 25,608 | - | 802 | 25,608 |
| Other Financial Assets | 9 | 53,890 | 53890 | - | - | 48,114 | 5,776 | - | 48,114 | 5,776 |
| Derivative assets | | - | - | - | - | - | - | - | - | - |
| Total | | 3,317,689 | 3,317,689 | 109,341 | 1,000,000 | 2,048,916 | 159,433 | - | 3,158,257 | 159,433 |

- - - - -

31. Financial risk review(continued)

B. Liquidity risk

iii. Financial assets available to support future funding

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

| | As at March 31, 2019 | | | As at March 31, 2018 | | | As at April 1, 2017 | | |
|-------------------------------|----------------------|-------------|-----------|----------------------|-------------|-----------|---------------------|-------------|-----------|
| ASSETS | Pledged | Not Pledged | Total | Pledged | Not Pledged | Total | Pledged | Not Pledged | Total |
| Financial assets | | | | | | | | | |
| Cash and cash equivalents | - | 25,163 | 25,163 | - | 8,128 | 8,128 | - | 7,337 | 7,337 |
| Bank Balance other than (a) | - | 36 | 36 | - | 4,462 | 4,462 | - | 3 | 3 |
| Derivatives financial | - | - | - | - | - | - | - | - | - |
| Trade Receivables | - | 3,454 | 3,454 | - | 6,675 | 6,675 | - | 2,001 | 2,001 |
| Loans | 4,462,397 | - | 4,462,397 | 3,698,664 | - | 3,698,664 | 3,228,049 | - | 3,228,049 |
| Investments | - | 38,159 | 38,159 | - | 30,281 | 30,281 | - | 26,950 | 26,950 |
| Other financial assets | - | 40,045 | 40,045 | - | 64,666 | 64,666 | - | 53,890 | 53,890 |
| Non-financial Assets | | | | | | | | | |
| Current tax asset | - | 8,797 | 8,797 | - | 6,265 | 6,265 | - | 5,818 | 5,818 |
| Deferred tax Assets (Net) | - | 64,324 | 64,324 | - | 62,684 | 62,684 | - | 70,970 | 70,970 |
| Investment property | - | - | - | - | - | - | - | - | - |
| Property, Plant and Equipment | 25 | 91,462 | 91,487 | 25 | 68,975 | 69,000 | 25 | 77,027 | 77,052 |
| Capital work-in-progress | - | 62 | 62 | - | 101 | 101 | - | 518 | 518 |
| Intangible assets under | - | 108 | 108 | - | 39 | 39 | - | 655 | 655 |
| Other Intangible assets | - | 2,179 | 2,179 | - | 2,314 | 2,314 | - | 1,109 | 1,109 |
| Other non-financial assets | - | 47,743 | 47,743 | - | 36,705 | 36,705 | - | 26,216 | 26,216 |
| Total Assets | | | | | | | | | |

iv. Financial assets pledged as collateral

The total financial assets recognised in the statement of financial position that had been pledged as collateral for liabilities at February 28, 2019, March 31, 2018 and April 1, 2017 is shown in the preceding table.

31. Financial risk review(continued)

C. Market risk

i For the definition of market risk and information on how the company manages the market risks of trading and non-trading portfolios, see Note 31(D).

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

| Carrying amount | | Market risk measure | | |
|---|------|----------------------------|----------------------------|------------------------|
| In millions of euro | Note | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
| Assets subject to market risk | | | | |
| Receivables | 6 | 3,454 | 6,675 | 2,001 |
| Loans | 7 | 4,462,397 | 3,698,664 | 3,228,049 |
| Investments | 8 | 38,159 | 30,281 | 26,950 |
| Other Financial Assets | 9 | 40,045 | 64,666 | 53,890 |
| Liabilities subject to market risk | | | | |
| Debt securities issued | 14 | 1,609,148 | 1,232,147 | 1,269,788 |
| Borrowings (Other than Debt Securities) | 15 | 2,041,658 | 1,780,252 | 1,311,798 |
| Subordinated liabilities | 16 | 329,760 | 272,040 | 239,777 |
| Other Financial Liabilities | 17 | 148,714 | 165,535 | 148,720 |
| Derivatives held for risk management | 30 | - | 98 | - |

31. Financial risk review(continued)

C. Market risk (continued)

ii Exposure to interest rate risk – Non-trading portfolios (continued)

Company carries out earning adjusted rate (EAR) model analysis for rate sensitive assets and liabilities, to assess the impact on the earnings upon change in the interest rates.

Below table illustrates impact on earnings on account of 100 bps change on in interest rate on the rate sensitive assets and rate sensitive liabilities.

As on March 31, 2019

Amt in Lakh

| Rate sensitive | Less than 1 Year | @ 100bps change increase | @ 100bps change decrease |
|-------------------------------------|------------------|-----------------------------|-----------------------------|
| Rate Sensitive Asset | 3,285,034 | 16,425 | (16,425) |
| Rate Sensitive Liabilities | 2,656,273 | (13,281) | 13,281 |
| Net Gap (Asset - liability) | 628,761 | 3,144 | (3,144) |

As on March 31, 2018

| Rate sensitive | Less than 1 Year | @ 100bps change increase | @ 100bps change decrease |
|-------------------------------------|------------------|-----------------------------|-----------------------------|
| Rate Sensitive Asset | 2,746,629 | 13,733 | (13,733) |
| Rate Sensitive Liabilities | 2,093,941 | (10,470) | 10,470 |
| Net Gap (Asset - liability) | 652,688 | 3,263 | (3,263) |

As on April 01, 2017

| Rate sensitive | Less than 1 Year | @ 100bps change increase | @ 100bps change decrease |
|-------------------------------------|------------------|-----------------------------|-----------------------------|
| Rate Sensitive Asset | 2,400,449 | 12,002 | (12,002) |
| Rate Sensitive Liabilities | 2,102,385 | (10,512) | 10,512 |
| Net Gap (Asset - liability) | 298,063 | 1,490 | (1,490) |

iii. Exposure to currency risks – Non-trading portfolios

There are no exposure to foreign currency risks in the non trading portfolio as on March 31, 2019

31. Financial risk review(continued)

D. Capital management

i Regulatory capital

The Reserve Bank of India (RBI) sets and monitors capital adequacy requirements for the Company from time to time.

The Companies regulatory capital consists of the sum of the following elements.

Tier 1 Capital includes:

- 1) Ordinary share capital,
- 2) Securities premium reserve,
- 3) Retained earnings,
- 4) Cumulative compulsorily convertible preference Shares (CCCPS),
- 5) Debenture redemption reserve
- 6) Perpetual debt
- 7) Special reserve
- 8) Retained earnings
- 9) Special reserve.
- 10) General reserve

Tier 1 Capital does not include unrealised fair value gain/loss booked for financial instruments measured at fair value through profit and loss statement and shares option outstanding account

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 and stage 2 financial assets to the extent the same does not exceed 1.25% of Risk weighted assets,
- 3) perpetual debt to the extent not eligible for Tier I.

31. Financial risk review(continued)

D. Capital management

i Regulatory capital

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--|----------------------------|----------------------------|---------------------------|
| | IND AS | IGAAP | IGAAP |
| Tier 1 capital | | | |
| Ordinary share capital | 137,556 | 129,755 | 129,755 |
| Securities premium reserve | 146,648 | 88,805 | 88,865 |
| Retained earnings | 36,491 | 60,176 | 37,538 |
| cumulative compulsorily convertible preference Shares (CCCPS), | 188,900 | 152,000 | 94,500 |
| debenture redemption reserve | 30,000 | 30,000 | 30,000 |
| perpetual debt | 74,573 | 59,709 | 53,852 |
| special reserve | 46,896 | 35,402 | 25,750 |
| general reserve | 429 | - | - |
| Less | | | |
| -Deferred Revenue Expenditure | 21,079 | 18,770 | 16,954 |
| -Goodwill & Software | 2,287 | 2,353 | 1,764 |
| -Deferred Tax Asset | 64,324 | 37,568 | 43,483 |
| Tier I Capital | 573,804 | 497,156 | 398,059 |
| Subordinate Debt | 148,640 | 109,439 | 127,198 |
| Standard Asset prov'n | 58,411 | 15,255 | 11,591 |
| Perpetual debt | 17,227 | 32,091 | 6148 |
| Tier II Capital | 224,277 | 156,785 | 144,937 |
| Tier I + Tier II Capital | 798,081 | 653,941 | 542,996 |

The Company has complied with the minimum stipulated capital requirement for Tier I and Tier II.

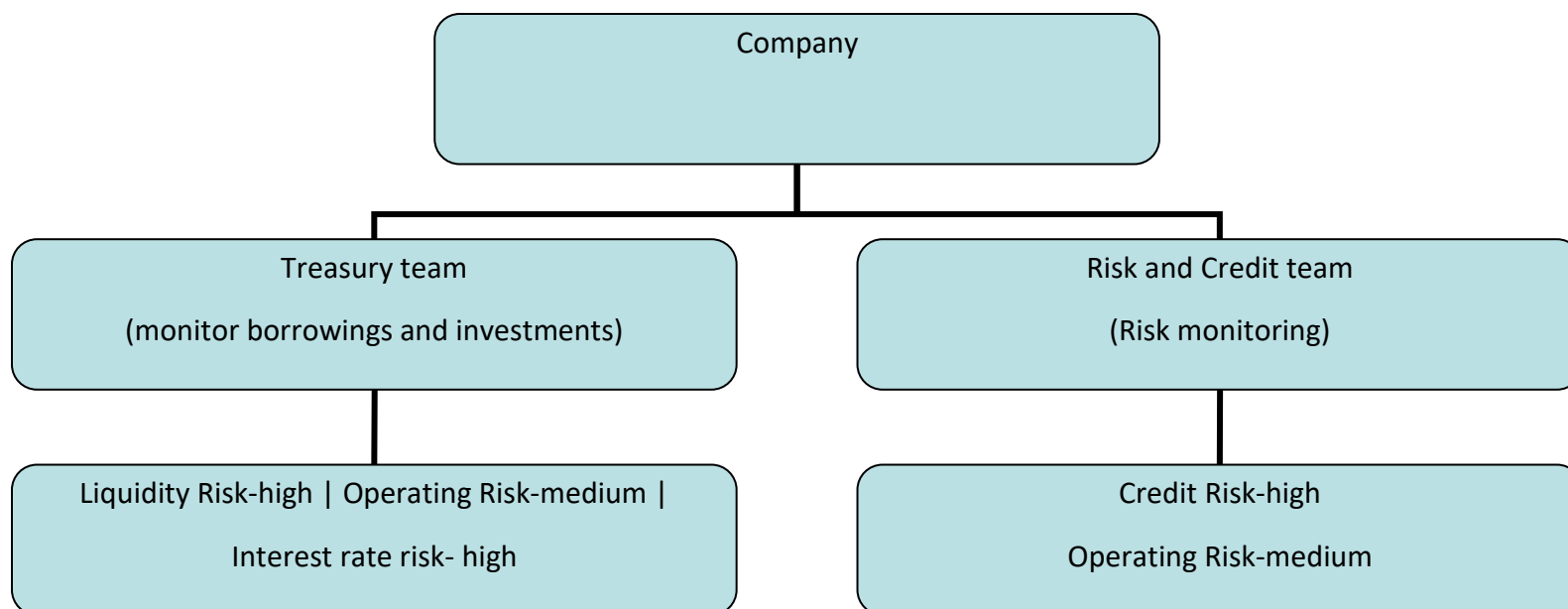
The Board of Directors (BOD) has authorised the Asset and Liability Management Committee (ALCO) to review the Capital requirement. Treasury team closely monitors the Tier I and Tier II capital requirement of the Company and reports to ALCO. The Company endeavour to maintain a balance between ensuring high level of return on capital employed and securing strong capital base.

32. Financial risk management

A. Introduction and overview;

Financial instruments of the Company has to credit risk, liquidity risk, market risks and operational risk.

1. The following chart provides a link between the Company's business units and the principal risks that they are exposed to:



2. Company's Risk Management framework for measuring and managing risk:

i. Risk management framework:

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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

- a) Asset and Liability Committee (ALCO): Review of the Asset and Liability position, liquidity risk and market risk of the Company.
- b) Risk Management Committee: Review of the credit risk, operational risk and fraud risk management of the Company. Operational risk management committee(ORMC) reviews operational risk as per the Operational risk management framework. Fraud risk management committee (FRMC) reviews matters of frauds committed by employee, customer and vendors.
- c) Investment Committee (IC)and Credit Committee(CC): Review of the investment and credit proposal of the Company and oversight of credit risk. A separate Managing Credit Committee(MCC) reports to the Credit Committee, is responsible for managing the credit risk of the Company.

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

Sources of risk which the Company is exposed to and how the same is managed is illustrated in the table below:

| Risk | Exposure arising from | Measurement | Management |
|--------------------------------|--|--|--|
| Credit risk | Financial asset measured at amortised cost. Trade receivable and derivative financial instrument. | Review of ageing analysis and credit rating of the customer. Annual review of the Customer account as per the Credit monitoring policy of the company. | Granularity of portfolio, product, ticket size, collateral and customer segment. |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed bank lines and borrowing facilities |
| Market risk – foreign exchange | Payable in foreign currency for purchase of Assets given on operating lease Recognised financial assets and liabilities not denominated in Indian rupee (INR) | Cash flow forecasting and sensitivity analysis | Forward foreign exchange contracts. |
| Market risk – interest rate | Long-term borrowings at variable rates | Sensitivity analysis for rate sensitive assets and liabilities | Managing the borrowing mix between market and bank borrowing. |
| Market risk – security prices | Investments in equity securities | Sensitivity analysis | Portfolio diversification |

The Company's Credit risk and market risk management for lending business is carried out by the Credit and Risk management team and the liquidity and market risk management for the sources of funds is carried out by a treasury department as per the policies approved by the board of directors. Treasury identifies, evaluates and mitigates financial risks in close co-operation with the Company's operating units. ALCO provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, use of derivative financial instruments and investment of excess liquidity.

3) The Risk management approach of the Company for handling the various type of risks are as follows:

A) Credit risk;

i) means the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to us. In its lending operations, the Company is principally exposed to credit risk.

ii. Management of Credit risk:

The credit risk is governed by the credit policy approved by the Investment and Credit Committee. The credit policy outlines the type of products that can be offered, customer categories, the targeted customer profile, credit approval process and limits and credit monitoring.

The Company measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level. The Company has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Credit monitoring team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities and monitors deferral of the security perfection. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

The Company has additionally taken the following measures for risk management;

1) single party and group borrower limit.

- 2) limit on secured and unsecured exposure for Commercial and SME finance division and at Company level.
- 3) establishment of a separate credit monitoring team to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required.
- 4) enhanced monitoring of retail product portfolios through periodic reviews.

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

iii Governance framework of the company:

The role of the Managing Credit Committee encompasses the following activities:

- a) formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, setting and adherence to internal and regulatory threshold limits and compliance with regulatory and statutory requirements;
- b) establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit credit officers. Investment Committee (IC) and Credit Committee (CC) approves loan and investment proposal above threshold limit as per the credit policy. Review and assessment of credit risk is done by the Credit Team. Risk team lays down policies for risk management;
- c) Renewal and review of the facility is subject to the same review process;
- d) Limiting concentration of exposure to counterparty, geography and industry for loans and advances;
- e) Developing and maintaining the Company's risk grading to categorise exposures according to the degree of risk of default. The current risk grading framework of the company for Commercial and SME finance division (CSFD) is based on the 10 grades of internal rating reflecting varying degrees of risk of default.

The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Risk Management Committee;

The below table illustrates the varying degrees of risk of default associated within the respective risk grades for CSFD:

| Internal rating grades | Description of risk | Definition of risk associated with each risk grade |
|-------------------------------|---|--|
| TC1-TC4 | Adequate to highest level of safety of payments | Adequate to highest level of safety of payment. Customer with highest level of safety are unlikely to be effected by change in circumstances, while customer with adequate safety are likely to be adversely by change in the circumstances. |
| TC5-TC6 | Moderate level of safety of payments | Moderate level of safety of payment. Change in circumstances will lead to weakened capacity to repay interest and principal. |
| TC7 | Inadequate level of safety of payments | Inadequate level of safety of payment. Circumstances currently faced could lead to inadequate capacity to repay interest and principal. |
| TC8-TC9 | greater susceptibility to default | TC8: greater susceptibility to default of payment. Adverse conditions can lead to lack of ability or willingness to pay. TC9: vulnerable to default of payment. Timely payment of principal and interest only favourable conditions continue. |
| TC10 | Customer defaulter or expected to default | TC10: Customer are in default or expected to default on maturity of payment. Investments are speculative and returns only if the customer account is re-organised or liquidated. |

| | | |
|---------|--------------------------|--|
| Unrated | No ratings are available | Customer ratings are not available. Customer profile assessment is made on other parameters like income generation capacity, net-worth and past repayment records. |
|---------|--------------------------|--|

f) Developing and maintaining the Company's processes for measuring ECL for CSFD and CFAB division for managing the following requirements:

- 1) initial approval, regular validation and back-testing of the models used;
- 2) incorporation of forward-looking information;
- 3) Reviewing compliance of business units with agreed exposure limits to products, state and sector;
- 4) Regular reports on the credit quality of product portfolio are provided to Credit Committee, which may require appropriate corrective action to be taken;
- 5) These include reports containing inputs, estimates and techniques of ECL allowances; and
- 6) Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.
- 7) Assess criteria of staging of the assets under qualitative parameters.

Each business unit is required to implement Company's credit policies and procedures, with credit approval authorities delegated from the Credit Committee. Each business unit has a Chief Credit Risk Officer who reports on all credit-related matters to Credit Committee and Chief Risk officer. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to approval of Credit Committee. Regular audits of business units and credit processes are undertaken by Internal Audit.

iv. Credit Risk assessment methodology:

a) Credit management for Corporate Portfolio:

The Company has an established credit analysis procedure leading to appropriate identification of credit risk. Appropriate appraisals have been established for various types of products and businesses. The methodology involves critical assessment of quantitative and qualitative parameters subject to review and approval of Credit Committee.

The Company carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. A significant portion of Corporate Finance loans are secured by a lien over appropriate assets of the borrower.

Evaluation of Borrower risk is based on the following assessment:

- 1) the risks and prospects associated with the industry in which the borrower is operating (industry risk);
- 2) the financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- 3) the borrower's relative market position and operating efficiency (business risk);
- 4) the quality of management by analysing their track record, payment record and financial conservatism (management risk); and
- 5) the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project. (project risk).

Risk management and portfolio review:

The Company ensure effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances. The credit monitoring team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities. The credit monitoring team/operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and insurance policies for assets financed. The Managing Credit Committee (MCC), apart from approving proposals, regularly reviews the credit quality of

the portfolio and various sub-portfolios. A summary of the reviews carried out by the MCC is submitted to the Credit Committee for its information.

b) Credit management for Retail portfolio:

The Company ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances. The credit team verifies adherence to the terms of the credit approval prior to the disbursement of credit facility. It also reviews the completeness of documentation, creation of security and insurance policies for assets financed. The credit team approves the proposals while the risk team regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the risk team is submitted to the Risk management committee.

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 parameters to ensure the solvency while optimising the return on risk.

The market risk in respect of changes in value in financial assets arising from changes in market credit spreads applied to loans are monitored by the market risk officer.

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

Exposure to Market Risk:

Interest rate risk:

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

Interest rate risk is measured through earnings at risk from an earning perspective. The Company monitors the change in economic value of equity arising out of 100 bps change in the interest rate. Further, an interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to earliest of contracted/behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The Company monitor interest rate risk through above measures on a monthly basis. The interest rate risk limits are approved by the ALCO.

C. Liquidity risk;

A risk that the Company will encounter difficulty in meeting its day to day financial obligations.

Management of liquidity risk is done as follows;

- i. ALCO sets the strategy for managing liquidity risk commensurate with the business objectives;
- ii. ALCO has delegated the responsibility of managing overall liquidity risk and interest rate risk management to Treasury.
- iii. Treasury department manages the liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Company. Treasury team ensures the regulatory compliance to the liquidity risk related limits approved in the ALM policy by ALCO.
- iv. The Company's approach to managing liquidity is to ensure sufficient liquidity to meet its liabilities when they are due without incurring unacceptable losses or risking damage to the Company's reputation.

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

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

D. Operational Risk;

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

The Company has a Board approved Operational Risk Management (ORM) framework. Ongoing monitoring of key risk indicators ("KRI") is done and corrective actions are implemented on KRI exceptions. ORMC meets periodically to review the operational risk profile of the organisation.

Risks associated with frauds are mitigated through a Fraud Risk Management (FRM) framework. FRMC reviews matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

Tata Capital has adopted "Framework for Improving Critical Infrastructure Cyber Security" published by the National Institute of Standards & Technology (NIST) and comply with regulatory guidelines. Various measures are adopted to effectively protect against phishing, social media threats and rogue mobile.

33. Operating segments

See accounting policy in Note 2(i)

A. Basis for segmentation

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

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

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

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

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

33. Operating segments

B. Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax, as included in internal management reports reviewed by the Board of Director's, is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective

| Particulars | (Rs. in lakh) | |
|---------------------------------------|-----------------------------------|-----------------------------------|
| | For the Year Ended March 31, 2019 | For the Year Ended March 31, 2018 |
| Segment Revenue | | |
| a) Financing Activity | 489,767 | 402,173 |
| b) Investment Activity | 29,097 | 249 |
| c) Others | 39,701 | 32,083 |
| Total | 558,565 | 434,505 |
| Less : Inter Segment Revenue | - | - |
| Add : Interest on Income Tax Refund | 1 | 307 |
| Total Income | 558,566 | 434,812 |
| Segment Results | | |
| a) Financing Activity | 67,199 | 81,685 |
| b) Investment Activity | 20,424 | (2,109) |
| c) Others | 4,946 | 3,290 |
| Total | 92,569 | 82,866 |
| Less : Unallocated Corporate Expenses | 27,208 | 14,869 |
| Profit before taxation | 65,361 | 67,997 |
| Less : Provision for taxation | 21,651 | 28,249 |
| Profit after taxation | 43,710 | 39,748 |

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|----------------------------|----------------------|----------------------|----------------------|
| Segment Assets | | | |
| a) Financing Activity | 4,530,213 | 3,782,034 | 3,293,322 |
| b) Investment Activity | 38,170 | 30,122 | 26,962 |
| c) Others | 123,079 | 89,462 | 81,884 |
| d) Unallocated | 92,492 | 88,366 | 98,400 |
| Total | 4,783,954 | 3,989,984 | 3,500,568 |
| Segment Liabilities | | | |
| a) Financing Activity | 4,224,147 | 3,585,764 | 3,147,207 |
| b) Investment Activity | - | - | - |
| c) Others | 123,613 | 90,056 | 80,344 |
| d) Unallocated | 31,704 | 18,184 | 13,027 |
| Total | 4,379,464 | 3,694,004 | 3,240,578 |

| Particulars | For the Year Ended March 31, 2019 | For the Year Ended March 31, 2018 |
|---|-----------------------------------|-----------------------------------|
| Capital Expenditure (Including Capital Work-In-Progress) | | |
| a) Financing Activity | - | - |
| b) Investment Activity | - | - |
| c) Others | 53,438 | 27,391 |
| d) Unallocated | 2,325 | 3,446 |
| Total | 55,763 | 30,837 |
| Depreciation and Amortisation | | |
| a) Financing Activity | 606 | 647 |
| b) Investment Activity | - | - |
| c) Others | 24,859 | 21,292 |
| d) Unallocated | 1,957 | 1,698 |
| Total | 27,422 | 23,637 |

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

| | |
|---|---|
| Ultimate Holding Company | Tata Sons Private Limited (formerly known as Tata Sons Limited) |
| Holding Company | Tata Capital Limited |
| Fellow Subsidiaries (with which the company had transactions) | Tata Capital Housing Finance Limited Tata Securities Limited Tata Cleantech Capital Limited Tata Capital Pte. Limited Tata Capital Advisors Pte Limited Tata Capital Markets Pte Limited Tata Capital General Partners LLP Tata Capital Healthcare General Partners LLP Tata Opportunities General Partners LLP Tata Capital Plc TC Travel and Services Limited (ceased w.e.f. 30.10.2017) Tata Capital Forex Limited (ceased w.e.f. 30.10.2017) |
| Associates and Fellow Associates (with which the company had transactions) | International Asset Reconstruction Company Private Limited (Ceased w.e.f 08.03.2018) Shriram Properties Private Limited TVS Supply Chain Solutions Limited Fincare Business Services Limited Varroc Engineering Limited (ceased w.e.f. 06.07.2018) Roots Corporation Limited Kapsons Industries Limited Tata Projects Tata Technologies Limited |
| Plans | Tata Capital Limited Gratuity Scheme Tata Capital Limited Employees Provident Fund Trust Tata Capital Limited Employee Welfare Trust Tata Capital Limited Superannuation Scheme |
| Subsidiaries, Associates and Joint Venture of ultimate holding company (with which the company had transactions) | Conneqt Business Solutions Limited Tata Consultancy Services Limited Tata AIG General Insurance Company Limited Tata AIA Life Insurance Company Limited Infiniti Retail Limited Calsea Footwear Private Limited Tata Autocomp Systems Limited Automotive Stampings and Assemblies Limited Tata Toyo Radiator Limited (ceased to be a joint venture and became a subsidiary w.e.f. 01.07.2018) Tata Advanced Systems Limited Tata Lockheed Martin Aerostructures Limited Tata Sikorsky Aerospace Limited Tata Boeing Aerospace Limited Tata Asset Management Limited Tata Industries Limited (ceased to be subsidiary and became a joint venture w.e.f. 27.03.2019) Tata Teleservices Limited Tata Teleservices (Maharashtra) Limited MMP Mobi Wallet Payment Systems Limited Tata Housing Development Company Limited Smart Value Homes (Peenya Project) Private Limited Sector 113 Gatevida Developers Private Limited Taj Air Limited Inshaallah Investments Limited Niskalp Infrastructure Services Limited AirAsia (India) Limited Coastal Gujarat Power Limited Concorde Motors (India) Limited Industrial Energy Limited Jamshedpur Utilities & Services Co. Limited Maithon Power Limited Nelco Limited Powerlinks Transmission Limited Sir Ratan Tata Trust Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited) Tata Communications Limited (Ceased to be an associate and became a subsidiary w.e.f. 28.05.2018) Tata Communications Transformation Services Limited |

| | |
|--------------------------|---|
| | <p> Tata International DLT Private Limited Tata Metaliks Limited Tata Motors Finance Limited Tata Motors Limited Tata Power Solar Systems Limited Tata Power Trading Company Limited Tata Precision Industries (I) Limited Tata Steel Limited Tayo Rolls Limited The Associated Building Company Limited The Indian Hotels Company Limited TP Ajmer Distribution Limited Voltas Limited Fiora Hypermarket Limited Piem Hotels Limited Tata Elxsi Limited Tata Power Delhi Distribution Limited Titan Company Limited Trent Limited United Hotels Limited Tata Global Beverages Limited </p> |
| Key Management Personnel | <p> Mr. Rajiv Sabharwal (Director) Mr. F.N. Subedar (Director) Mr. Mukund S. Dharmadhikari (Director) Ms. Anuradha E. Thakur (Director) Mr. Kusal Roy (Managing Director) Mr. Praveen P. Kadle (Managing Director and CEO - ceased to be a KMP w.e.f. April 1, 2018) Mr. Puneet Sharma (Chief Financial Officer) Ms. Avan Doomasia (Company Secretary) </p> |

B) Transactions with Related Parties

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---------------------------|--|---------|---------|---------|
| 1 | Tata Sons Private Limited | a) Expenses - Brand Equity and Business Promotion | 1,503 | 1,243 | - |
| | | - Rent | - | 29 | - |
| | | - Other charges | 25 | 51 | - |
| | | b) Income - Interest Income | 5 | 6 | - |
| | | c) Asset - Security deposit receivable | - | - | 12 |
| | | - Security deposit refund received | - | 12 | - |
| | | - Finance Lease Repaid during year | 9 | 8 | - |
| | | Outstanding facility | 40 | 50 | 58 |
| | | - Balance receivable* | 0 | 5 | 16 |
| | | d) Liability - Balance Payable | 1,503 | 1,243 | 1,171 |
| | | e) Commitments - Off balance sheet exposure | 30 | 30 | 32 |
| 2 | Tata Capital Limited | a) Expenses - Interest Expenses on Inter-Corporate Deposit | 4,954 | 6,747 | - |
| | | - Interest Expenses on debentures | 1,113 | 89 | - |
| | | - Marketing & managerial service fee | 3,496 | 2,657 | - |
| | | - Rent | 949 | 1,036 | - |
| | | - Other Expenses | 82 | 111 | - |
| | | b) Income - Preference share arranger fees | 113 | 515 | - |
| | | - Recovery of Expenses - Rent and others | 22 | 41 | - |
| | | - F/A transfer* | - | 0 | - |
| | | c) Amount raised by issue of Perpetual Non-Convertible debentures | - | 12,500 | - |
| | | d) Amount raised by issue of Compulsory Convertible Cumulative Preference Shares | 102,500 | 57,500 | - |
| | | e) Conversion of Convertible Preference Shares into Equity Shares | 65,600 | - | - |
| | | f) Interim dividend paid - Equity Shares | - | 4,541 | - |
| | | - Preference Shares | 11,741 | 8,726 | - |
| | | g) Inter-Corporate Deposit accepted / repaid - Inter-Corporate Deposit received | 752,235 | 463,617 | - |
| | | - Inter-Corporate Deposit repaid | 780,293 | 474,662 | - |
| | | h) Security Deposit accepted / repaid - Security deposit given | - | 5,849 | - |
| | | - Security deposit received | - | 4,667 | - |
| | | i) Asset - Security Deposit Receivable | 5,847 | 5,847 | 4,665 |
| | | - Balance Receivable | - | - | 61 |
| | | j) Liability - Inter-Corporate Deposit Payable # | 5,726 | 33,784 | 44,829 |
| | | - Perpetual Non-Convertible debentures | 12,500 | 12,500 | 5,000 |
| | | - Balance Payable | 330 | 374 | - |
| | | - Equity shares held | 137,556 | 129,755 | 129,755 |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|--------------------------------------|--|--|--|--|
| 3 | Tata Capital Housing Finance Limited | a) Expenses - Rent & others b) Income - Loan Sourcing Fee - Reimbursement of Rent & Others c) Fixed Asset - Fixed Asset Purchased* - Fixed Asset Sold d) Asset - Balance Receivable | 52 14 1,060 - - 298 | 33 - 988 0 25 121 | - - - - - 235 |
| 4 | Tata Securities Limited | a) Expenses - Professional Fees b) Income - Recovery of Expenses - Rent and others c) Fixed Asset - Fixed Asset Purchased d) Asset - Balance Receivable | 30 47 1 5 | 21 49 1 1 | - - - 28 |
| 5 | Tata Cleantech Capital Limited | a) Expenses - Rent & others b) Income - Recovery of Expenses - Rent and others c) Fixed Asset - Fixed Asset Purchased d) Asset - Balance Receivable | 19 98 - 9 | 23 136 1 6 | - - - 16 |
| 6 | Tata Capital Pte. Limited | a) Income - Income- SLA fees - Reimbursement of Expenses b) Asset Balance Receivable | 13 - 13 | 13 10 13 | - - 13 |
| 7 | Tata Capital Advisors Pte Limited | a) Income - Income- SLA fees - Reimbursement of Expenses b) Asset Balance Receivable | 7 - 7 | 7 3 7 | - - 7 |
| 8 | Tata Capital Markets Pte Limited | a) Income - Income- SLA fees - Reimbursement of Expenses b) Asset Balance Receivable | 7 - 7 | 7 3 7 | - - 7 |
| 9 | Tata Capital General Partners LLP | a) Income - Income- SLA fees* - Reimbursement of Expenses b) Asset Balance Receivable* | 0 - 0 | 0 1 0 | - - 0 |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|--|---|---|---|---|
| 10 | Tata Capital Healthcare General Partners LLP | a) Income - Income- SLA fees* - Reimbursement of Expenses b) Asset Balance Receivable* | 0 - 0 | 0 1 0 | - - 0 |
| 11 | Tata Opportunities General Partners LLP | a) Income - Income- SLA fees* - Reimbursement of Expenses b) Asset Balance Receivable* | 0 - 0 | 0 1 0 | - - 0 |
| 12 | Tata Capital Plc | a) Income - Income- SLA fees - Reimbursement of Expenses b) Asset Balance Receivable | 7 - 7 | 7 3 7 | - - 7 |
| 13 | TC Travel and Services Limited | a) Expenses - Travel related services b) Income - Reimbursement of Rent & Others c) Asset - Balance Receivable | - - - | 492 55 - | - - 264 |
| 14 | Tata Capital Forex Limited | a) Expenses - Travel related services b) Income - Reimbursement of Rent & Others c) Asset - Balance Receivable | - - - | 4 63 - | - - 38 |
| 15 | International Asset Reconstruction Company Private Limited (Ceased w.e.f 08.03.2018) | a) Asset - Security Receipts Redemption of Security Receipts during the year Balance of Security Receipts - Investment in Equity Shares Balance in Equity Shares | - - - | 304 - - | - 748 3,313 |
| 16 | Shriram Properties Private Limited | a) Asset - Investment in Equity Shares - Provision for Diminution in value of Investment | 3,935 (585) | 3,935 (585) | 3,935 - |
| 17 | TVS Logistics Services Limited | a) Income - Dividend received - Interest Income - Bill Discounting - Processing Fees b) Asset - Term Loan Loan given during the period Loan repaid during the period Loan balance - Balance Receivables - Investment in Equity Shares c) Commitments - Off balance sheet exposure | 3 416 5 15 4,220 833 5,678 105 1,465 1,040 | - 296 4 - 2,500 2,308 2,292 77 1,465 726 | - - - - - - 2,100 94 1,465 906 |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|------------------------------------|---|--|---|---|
| 18 | Varroc Engineering Private Limited | a) Income - Dividend received b) Asset - Investment in Equity Shares | - - | 8 2,521 | - 2,521 |
| 19 | Fincare Business Services Limited | a) Asset - Investment in Equity Shares | 734 | 660 | 660 |
| 20 | Roots Corporation Limited | a) Expenses - Travelling Exp* | - | 0 | - |
| 21 | Kapsons Industries Limited | a) Income - Interest Income b) Assets - Term Loan Loan repaid during the period Loan balance NPA Provision - Balance Receivable | - - - - - | 8 1,352 - - - - | - - 1,352 (25) 2 |
| 22 | Tata Projects | a) Income - Interest Income - Lease Rental b) Assets - Finance Lease Finance Lease given Finance Lease repayment received Finance Lease receivable - Balance Receivable c) Liability - Security Deposit Security Deposit received Security Deposit payable d) Commitments - Off balance sheet exposure | 99 1,716 802 122 680 18 337 492 10,982 | - 1,234 - - - 174 105 155 - | - - - - - 63 - 50 - |
| 23 | Tata Technologies Limited | a) Income - Interest Income - Reimbursement of expenses b) Expenses - IT Expenses c) Assets - Finance Lease Finance Lease given Finance Lease repayment received Finance Lease balance receivable - Balance Receivable d) Liability - Balance Payable e) Commitments - Off balance sheet exposure | 12 - 47 24 15 82 11 - 349 | 7 1 77 89 16 73 11 8 393 | - - - - - 23 - - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---|---|---|---|---|
| 24 | Tata Autocomp Systems Limited | a) Income - Operating Lease Rentals - Processing fees b) Liability - Security deposit received during period - Security deposit payable c) Asset - Balance receivable d) Commitments - Off balance sheet exposure | 21 45 326 326 7 350 | - - - - - - | - - - - - - |
| 25 | Tata Capital Limited Gratuity Scheme | a) Contribution to Gratuity fund | 414 | - | - |
| 26 | Tata Capital Limited Employees Provident Fund | a) Contribution to Provident Fund | 1,339 | 1,189 | - |
| 27 | Tata Capital Limited Employee Welfare Trust | a) Asset - Loan repaid - Outstanding loan - Balance Receivable | 1,016 6,286 30 | - 7,302 - | - 7,302 - |
| 28 | Tata Capital Limited Superannuation Scheme | a) Asset - Balance Receivable | 1 | - | 1 |
| 29 | Conneqt Business Solutions Limited | a) Expenses - Service Provider Charges b) Income - Interest Income - Lease Rental - Sale of Fixed Assets - Reimbursement of Expenses c) Asset - Loan given - Loan repaid - Outstanding loan - Balance receivable d) Liability - Security Deposit - Balance Payable e) Commitments - Off balance sheet exposure | 4,869 240 410 29 190 - 2,140 1,042 216 37 1,889 - 5,773 37 - 38 29 220 38 1,902 1,542 | 5,380 168 528 - 170 2,409 462 3,183 163 37 1,293 2,269 5,511 16 8 217 6 211 - 1,620 2,087 | - - - - - - - 1,236 122 37 896 - - - - 4 1,330 - |
| 30 | Tata Consultancy Services Limited | a) Expenses - Information technology Expenses b) Income - Interest Income c) Asset - Fixed Assets Purchased - Finance Lease Facility given Repaid during year Outstanding facility - Balance Receivable d) Liability - Balance Payable e) Commitments - Off balance sheet exposure | 5,773 37 - 38 29 220 38 1,902 1,542 | 5,511 16 8 217 6 211 - 1,620 2,087 | - - - - - - 4 1,330 - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|--|--|--------------------------|-------------------------------|-----------------------|
| 31 | Tata AIG General Insurance Company Limited | a) Expenses - Insurance Expenses | 14 | 6 | - |
| | | b) Income - Insurance related revenue | 857 | 541 | - |
| | | c) Assets - Balance Receivable | 165 | 511 | 70 |
| 32 | Tata AIA Life Insurance Company Limited | a) Expenses - Insurance Expenses | 37 | 36 | - |
| | | b) Income - Insurance related revenue | 69 | 52 | - |
| | | c) Assets - Balance Receivable | 59 | 36 | 35 |
| 33 | Infiniti Retail Limited | a) Expenses - NSR Payment - DMA Commission - Commission on Cards and Gift Cards - Purchase of Fixed Assets | 1,243 167 101 1 | 771 - 133 1 | - - - - |
| | | b) Income - Operating Lease Rentals - Processing fees | 211 - | 210 2 | - - |
| | | c) Liability - Security deposit payable - Balance payable | 75 - | 75 11 | 74 - |
| | | d) Asset - Balance Receivable | 1 | - | 1 |
| 34 | Calsea Footwear Private Limited | a) Income - Interest income on Inter-Corporate Deposit | 110 | 141 | - |
| | | b) Asset - ICD given - ICD repaid - Outstanding Inter-Corporate Deposit # - Interest receivable | - 1,500 - - | 1,500 1,300 1,500 38 | - - 1,300 35 |
| 35 | Tata International DLT Private Limited | a) Income - Interest Income | 55 | 64 | - |
| | | b) Assets - Loan given - Loan repaid - Outstanding loan - Balance Receivable | - 200 425 1 | 500 175 625 2 | - - 300 1 |
| 36 | Tata Precision Industries (I) Limited | a) Income - Interest Income | 10 | 11 | - |
| | | b) Assets - Loan repaid - Outstanding loan - Balance Receivable* | 23 68 0 | - 90 0 | - 90 0 |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---|--|--|---|--|
| 37 | Automotive Stampings and Assemblies Limited | a) Income - Team Loan - Interest - Operating Lease Rentals - Processing fees b) Asset - Loan given - Loan repaid - Outstanding loan - Outstanding loan # - Balance receivable c) Liability - Balance in escrow account d) Commitments - Off balance sheet exposure | 476 62 8 17,160 15,485 434 3,790 39 - 709 | 242 62 6 4,900 3,950 1,184 1,400 16 35 1,100 | - - - - - 1,634 - 2 - - |
| 38 | Tata Toyo Radiator Limited (ceased to be a joint venture and became a subsidiary w.e.f. 01.07.2018) | a) Income - Operating Lease Rentals - Processing fees b) Liability - Security deposit payable c) Asset - Balance receivable | 144 14 490 1 | - - - - | - - - - |
| 39 | Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp) | a) Income - Interest Income Trade Advance - Processing Fees b) Assets - Trade Advance # c) Commitments - Off balance sheet exposure | 37 - 501 500 | 9 3 1,001 - | - - 837 - |
| 40 | Tata Advanced Systems Limited | a) Income - Interest Income b) Asset - Facility given - Repaid during year - Outstanding facility - Balance receivable* c) Commitments - Off balance sheet exposure | 12 85 11 128 2 122 | 7 33 16 52 2 351 | - - - 35 0 396 |
| 41 | Tata Lockheed Martin Aerostructures Limited | a) Income - Interest Income b) Asset - Facility given - Repaid during year - Outstanding facility - Balance receivable* | 5 70 13 61 1 | 1 - 2 4 0 | - - - 6 6 |
| 42 | Tata Sikorsky Aerospace Limited | a) Income - Interest Income b) Asset - Facility given - Repaid during year - Outstanding facility - Balance receivable* | 1 8 1 7 0 | - - - - | - - - - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---|--|--|---|--|
| 43 | Tata Boeing Aerospace Limited | a) Income - Interest Income* | 0 | - | - |
| | | b) Asset - Facility given - Repaid during year - Outstanding facility - Balance receivable* | 6 0 6 0 | - - - - | - - - - |
| 44 | Tata Asset Management Limited | a) Income - Portfolio Management Service | 18 | 17 | - |
| | | b) Asset - Balance receivable | - | - | 3 |
| 45 | Tata Industries Limited (ceased to be subsidiary and became a joint venture w.e.f. | a) Expenses - Professional Fees | - | 22 | - |
| | | b) Income - Interest Income - Recovery of Expenses* | 413 0 | 1,167 - | - - |
| | | c) Asset - Facility given - Repaid during year - Outstanding facility - Balance receivable* | 20 46 178 76 | 13 155 216 119 | - - 358 7 |
| | | d) Liability - Balance Payable | - | - | 248 |
| | | e) Commitments - Off balance sheet exposure | 1,876 | 933 | 1,149 |
| 46 | Tata Teleservices Limited | a) Expenses - Communication Expenses - Rent and other Expenses | 95 92 | 111 25 | - - |
| | | b) Income - Interest Income - Operating Lease Rentals | 48 165 | 148 600 | - - |
| | | c) Asset - Facility given - Repaid during year - Outstanding facility - Balance receivable - Security Deposit receivable - Investment in equity shares - Balance equity shares - Provision for diminution in value | 21 495 151 6 8 14,318 (14,318) | 145 854 625 - 8 14,318 (14,318) | - - 1,333 38 8 14,318 (14,318) |
| | | d) Liability - Balance payable | - | 43 | - |
| | | e) Commitments - Off balance sheet exposure | 4 | 22 | 976 |
| 47 | Tata Teleservices (Maharashtra) Limited | a) Expenses - Communication Expenses | 205 | 277 | - |
| | | b) Income - Operating Lease Rentals | 12 | 71 | - |
| | | c) Liability - Balance Payable* | 0 | 10 | - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|--|--|---------|---------|---------|
| 48 | MMP Mobi Wallet Payment Systems Limited | a) Income - Operating Lease Rentals | - | 4 | - |
| | | b) Expenses Staff welfare Expenses | - | 8 | - |
| 49 | Tata Housing Development Company Limited | a) Income - Referral Fee | - | 5 | - |
| | | b) Asset - Balance Receivable | - | - | 14 |
| 50 | Smart Value Homes (Peenya Project) Private Limited | a) Income - Referral Fee | 1 | - | - |
| 51 | Sector 113 Gatevida Developers Private Limited | a) Income - Referral Fee | - | 8 | - |
| 52 | Taj Air Limited | a) Income - Interest Income | - | 29 | - |
| | | b) Asset - Loan given | - | 6,000 | - |
| | | - Loan Repaid during year | - | - | 3,500 |
| | | - Loan Balance | - | - | 2,500 |
| | | - Loan Balance # | - | - | 39 |
| | | - Balance receivable | - | - | - |
| 53 | Niskalp Infrastructure Services Limited | a) Income - Rent and others* | 0 | - | - |
| 54 | Inshaallah Investments Limited | a) Income - Rent and others* | - | 0 | - |
| 55 | AirAsia (India) Limited | a) Income - Interest Income | 358 | - | - |
| | | - Processing Fees | 50 | - | - |
| | | b) Assets - Loan given | 10,000 | - | - |
| | | - Loan Balance | 10,000 | - | - |
| | | - Balance Receivable | 80 | - | - |
| 56 | Coastal Gujarat Power Limited | a) Income - Interest Income | 2,037 | 29 | - |
| | | - Processing Fees | 83 | - | - |
| | | b) Assets - Loan given | 32,560 | 304 | - |
| | | - Loan repayment received | 5 | 882 | - |
| | | - Loan Balance | 66 | 12 | 590 |
| | | - Loan Balance# | 32,500 | - | - |
| | | - Balance Receivable | 18 | 10 | 268 |
| 57 | TP Ajmer Distribution Limited | a) Income - Interest Income* | 3 | 0 | - |
| | | b) Assets - Loan given | 16 | 5 | - |
| | | - Loan repayment received * | 4 | 0 | - |
| | | - Loan Balance | 17 | 5 | - |
| | | - Balance Receivable* | 0 | 5 | - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---------------------------------------|--|--|---|---|
| 58 | Industrial Energy Limited | a) Income - Interest Income b) Assets - Loan given - Loan repayment received - Loan Balance - Balance Receivable* | 2 35 1 33 0 | - - - - - | - - - - - |
| 59 | Maithon Power Limited | a) Income - Interest Income - Processing Fees b) Assets - Loan given - Loan repayment received - Loan Balance | 1 1 21 1 20 | 1 - - 41 - | - - - - 41 |
| 60 | Nelco Limited | a) Income - Interest Income - Processing Fees b) Assets - Loan given - Loan repayment received - Loan Balance - Loan Balance # - Balance Receivable * c) Commitments - Off balance sheet exposure | 2 - 12 7 16 - 0 418 | 158 8 1,211 2,544 11 - 1 433 | - - - - 40 1,303 4 448 |
| 61 | Powerlinks Transmission Limited | a) Income - Interest Income* b) Assets - Loan given - Loan repayment received * - Loan Balance - Balance Receivable* | 1 - 5 - 0 | 0 6 0 5 0 | - - - - - |
| 62 | Tata Power Delhi Distribution Limited | a) Expenses - Business promotion Expenses* | 0 | 0 | - |
| 63 | Tata Power Solar Systems Limited | a) Income - Interest Income b) Assets - Loan given - Loan repayment received - Loan Balance - Balance Receivable c) Commitments - Off balance sheet exposure | 4 26 14 13 (12) 229 | 2 6 54 1 7 255 | - - - 49 2 255 |
| 64 | Tata Power Trading Company Limited | a) Income - Interest Income* b) Assets - Loan given - Loan repayment received * - Loan Balance - Balance Receivable* | 1 - 1 6 0 | 0 6 0 6 0 | - - - - - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---|--|-------------------------------------|-----------------------------------|-----------------------|
| 65 | Tata Motors Limited | a) Income - Interest Income | 53 | 202 | - |
| | | b) Assets - Loan repayment received - Loan Balance - Balance Receivable | 223 359 6 | 214 582 22 | - 796 14 |
| | | c) Commitments - Off balance sheet exposure | 74 | 74 | 74 |
| 66 | Tata Motors Finance Limited | a) Income - Interest Income | 218 | 218 | - |
| | | b) Expenses - FA Purchased | 2 | - | - |
| | | c) Assets - Balance Receivable | 2,042 | 2,042 | 2,042 |
| 67 | Concorde Motors (India) Limited | a) Income - Interest Income - Lease Rental - Processing Fees | 1,854 486 19 | 944 460 1 | - - - |
| | | b) Expenses - FA Purchased | - | 5 | - |
| | | c) Assets - Loan given - Loan repayment received - Loan Balance # - Balance Receivable | 108,463 106,788 18,787 173 | 82,537 72,677 17,111 139 | - - 8,701 65 |
| | | d) Commitments - Off balance sheet exposure | 2,548 | 2,989 | - |
| 68 | Tata Steel Limited | a) Expenses - Rent and Other Expenses | 1 | 3 | - |
| 69 | Tata Metaliks Limited | a) Income - Operating Lease Rental | 13 | - | - |
| | | b) Liability - Security Deposit Payable | 8 | - | - |
| 70 | Jamshedpur Utilities & Services Co. Limited | a) Assets - Balance Receivable* | 0 | - | - |
| | | b) Commitments - Off balance sheet exposure | 15 | - | - |
| 71 | Tayo Rolls Limited | a) Income - ODC Income* | 1 | 0 | - |
| | | b) Assets - Loan outstanding # | 3 | 3 | 1 |
| 72 | Tata Communications Limited (Ceased to be an associate and became a subsidiary w.e.f. 28.05.2018) | a) Income - Interest Income | 5 | 7 | - |
| | | b) Expenses - IT Expenses | 285 | 432 | - |
| | | c) Assets - Loan repayment received - Loan Balance - Balance Receivable | 16 36 2 | 18 52 3 | - 70 2 |
| | | d) Commitments - Off balance sheet exposure | 360 | 360 | 367 |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|---|---|--|---|---|
| 73 | Tata Communications Transformation Services | a) Income - Interest Income b) Assets - Loan given - Loan repayment received - Loan Balance - Balance Receivable | 4 - 13 23 (1) | 8 6 35 36 (1) | - - - 66 3 |
| 74 | The Associated Building Company Limited | a) Income - Interest Income - Lease Rental b) Assets - Loan given - Loan repayment received - Loan Balance # - Loan Balance - Balance Receivable * c) Commitments - Off balance sheet exposure | 756 469 8,181 7,261 4,144 595 158 243 | 65 - 3,800 8 3,827 - 61 - - | - - - - 36 - 0 - |
| 75 | The Indian Hotels Company Limited | a) Income - Interest Income b) Expenses - Business promotion Expenses - Staff Welfare Expenses c) Assets - Loan given - Loan repayment received - Loan Balance - Balance Receivable d) Commitments - Off balance sheet exposure | 21 74 11 - 17 143 8 231 | 22 3 4 61 53 160 26 231 | - - - - 152 4 304 |
| 76 | Piem Hotels Limited | a) Expenses - Travelling Exp | 11 | 4 | - |
| 77 | United Hotels Limited | a) Expenses - Travelling Exp* | 0 | 0 | - |
| 78 | Voltas Limited | a) Income - Subvention Income - Bill Discounting b) Expenses - Repairs & Maintenance - Commission - FA Purchased c) Assets - Balance Receivable* | 60 31 37 29 32 64 | 101 15 34 13 27 (1) | - - - - - 0 |
| 79 | Trent Limited | a) Expenses - NSR payment - Staff Welfare Exp b) Assets - Balance Receivable* | 282 - - | 183 3 0 | - - - |
| 80 | Fiora Hypermarket Limited | a) Expenses - Commission on Cards and Gift Cards - NSR Payment | 9 129 | - 30 | - - |

(Rs. in Lakh)

| Sr. No | Party Name | Nature of transaction | 2018-19 | 2017-18 | 2016-17 |
|--------|-------------------------------|---|--|--|--|
| 81 | Tata Elxsi Limited | a) Expenses - Staff Welfare Expenses | 9 | - | - |
| 82 | Titan Company Limited | a) Expenses - NSR payment - Staff Welfare Exp b) Assets - Balance Receivable | 6 33 1 | 9 30 1 | - - 3 |
| 83 | Tata Global Beverages Limited | a) Income - Lease Rental | 49 | 22 | - |
| 84 | Sir Ratan Tata Trust | a) Income - Interest Income b) Assets - Loan repayment received - Loan Balance - Balance Receivable* c) Commitments - Off balance sheet exposure | 1 4 3 0 36 | 1 3 7 0 36 | - - - 1 36 |
| 85 | Key Management | a) Remuneration to KMP - Short Term Employee Benefits - Post Employment Benefits - Share based payemnts (No. of Shares) Options granted ** Options exercised - Director Sitting Fees & Commission b) Expenses - Interest Expenses on debenture c) Liability - Outstanding Debenture | 341 12 600,000 - 109 - - | - - - - 174 2 20 | - - - - - - 20 |

Notes :

a) * less than Rs.50,000/-

b) ** ESOP has been granted by Tata Capital Limited

c) # all the loans / borrowings balance above are not secured

d) Expected credit loss provision for parties listed above have not been considered as provision for doubtful debts, hence not disclosed

e) The above related party transactions are at Arm's length and in the ordinary course of business.

f) The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available.

C) List of Associates

| Country of Incorporation | Name of Associate | Ownership Interest | |
|--------------------------|--|--------------------|----------------|
| | | March 31, 2019 | March 31, 2018 |
| India | Shriram Properties Private Limited | 1.50% | 1.50% |
| India | TVS Supply Chain Solutions Limited | 0.68% | 0.68% |
| India | Fincare Business Services Limited | 0.80% | 0.80% |
| India | Varroc Engineering Ltd. (ceased w.e.f. 06.07.2018) | 0.00% | 1.26% |

35. 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 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 |
|--|--|--|---|---|--|
| i. Vesting requirements | 1/3rd at the end of each 12, 24 and 36 months from the date of grant | 1/3rd at the end of each 12, 24 and 36 months from the date of grant | 100% at the end of 12 months from the date of grant | 100% at the end of 12 months from the date of grant | 20% at the end of each 12 and 24 months and 30% at the end of each 36 and 48 months from the date of grant |
| ii. Maximum term of option | 6 years | 6 years | 2 years | 2 years | 7 years |
| iii. Method of settlement | Equity settled | Equity settled | Equity settled | Equity settled | Equity settled |
| iv. Modifications to share based payment plans | N.A. | N.A. | N.A. | N.A. | N.A. |

B. Summary of share based payments

31 March 2019

| Particulars | ESOP 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 | Total |
|---|-----------|-----------|-----------|-----------|-----------|------------|
| Outstanding balance at the beginning of the year | - | 741,902 | - | 7,745,000 | - | 8,486,902 |
| Less: | | | | | | |
| Options granted | - | - | - | - | 2,605,000 | 2,605,000 |
| Options forfeited | - | 267,904 | - | 1,750,000 | - | 2,017,904 |
| Options exercised | - | 181,222 | - | 1,358,194 | - | 1,539,416 |
| Options expired | - | - | - | - | - | - |
| Options lapsed | - | - | - | - | - | - |
| Options outstanding at the end of the year | - | 292,776 | - | 4,636,806 | 2,605,000 | 7,534,582 |
| Options exercisable at the end of the year | - | 292,776 | - | 4,636,806 | - | 4,929,582 |
| For share options exercised: | | | | | | |
| Weighted average exercise price at date of exercise | | | | | | 32.41 |
| Money realized by exercise of options (INR) | | | | | | 49,894,230 |
| For share options outstanding | | | | | | |
| Range of exercise prices | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Average remaining contractual life of options | - | 0.33 | - | 0.00 | 6.51 | 2.26 |

31 March 2018

| Particulars | ESOP 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 | Total |
|---|-----------|----------------|-----------|------------------|-----------|------------------|
| Outstanding balance at the beginning of the year | 339,222 | 1,635,138 | 6,615,000 | 9,775,000 | - | 18,364,360 |
| Less: | | | | | | |
| Options granted | - | - | - | - | - | - |
| Options forfeited | 79,444 | 483,721 | - | 1,940,000 | - | 2,503,165 |
| Options exercised | 259,777 | 354,515 | 2,730,833 | - | - | 3,345,125 |
| Options expired | - | - | 3,884,167 | - | - | 3,884,167 |
| Options lapsed | - | - | - | - | - | - |
| Options outstanding at the end of the year | 1 | 796,902 | - | 7,835,000 | - | 8,631,902 |
| Options exercisable at the end of the year | 1 | 796,902 | - | 7,835,000 | - | 8,631,902 |
| For share options exercised: | | | | | | |
| Weighted average exercise price at date of exercise | | | | | | 28.52 |
| Money realized by exercise of options (INR) | | | | | | 95,404,102 |
| For share options outstanding | | | | | | |
| Range of exercise prices | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Average remaining contractual life of options | - | 0.86 | - | 1.00 | - | 0.99 |

1 April 2017

| Particulars | ESOP 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 | Total |
|---|----------------|------------------|------------------|------------------|-----------|-------------------|
| Outstanding balance at the beginning of the year | 836,386 | 1,883,790 | 7,800,000 | - | - | 10,520,176 |
| Less: | | | | | | |
| Options granted | - | - | - | 9,820,000 | - | 9,820,000 |
| Options forfeited | 121,222 | 142,583 | 1,145,000 | - | - | 1,408,805 |
| Options exercised | 375,944 | 86,069 | - | - | - | 462,013 |
| Options expired | | | | | | - |
| Options lapsed | | | | | | - |
| Options outstanding at the end of the year | 339,219 | 1,655,138 | 6,655,000 | 9,820,000 | - | 18,469,357 |
| Options exercisable at the end of the year | 339,219 | 1,655,138 | 6,655,000 | - | - | 8,649,357 |
| For share options exercised: | | | | | | |
| Weighted average exercise price at date of exercise | | | | | | 19.12 |
| Money realized by exercise of options (INR) | | | | | | 8,832,256 |
| For share options outstanding | | | | | | |
| Range of exercise prices | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Average remaining contractual life of options | 0.42 | 1.35 | 1.00 | 1.00 | - | 1.02 |

C. Valuation of stock options

| Particulars | ESOP 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 |
|---|--|--|---|--|---|
| Share price: | 17.77 | 25 | 30 | 33.4 | 50.6 |
| Exercise Price: | 17.77 | 25 | 30 | 33.4 | 50.6 |
| Expected Volatility: | 0.49 | 0.37 | 0.38 | 0.35 | 0.38 |
| Contractual Option Life (years): | 3.00 | 3.00 | 2.00 | 2.00 | 7.00 |
| Expected dividends: | - | - | - | - | - |
| Risk free interest rate: | 8.00% | 8.00% | 8.00% | 6.57% | 8.04% |
| Vesting Dates | 33.33% vesting on August 31, 2012 66.67% vesting on August 31, 2013 100% vesting on August 31, 2014 - | 33.33% vesting on July 29, 2014 66.67% vesting on July 29, 2015 100% vesting on July 29, 2016 - | 100% vesting on March 31, 2017 - - - | 100% vesting on April 2, 2018 - - - | 20% vesting on September 30, 2019 40% vesting on September 30, 2020 70% vesting on September 30, 2021 100% vesting on September 30, 2022 |
| 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

The Company is required to present the following terms of the ESOPs, for the key managerial employees and other employees

As at March 31, 2019

| Particulars | ESOP 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 | Total |
|---|-----------|-----------|-----------|-----------|-----------|---------|
| Fair value at grant date | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Share price at grant date | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Exercise price | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Expected volatility (weighted average volatility) | 0.49 | 0.37 | 0.38 | 0.35 | 0.38 | |
| Expected life (expected weighted average life) | 0.00 | 0.33 | 0.00 | 0.00 | 6.51 | |
| Expected dividends | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Risk-free interest rate (based on government bonds) | 8.00% | 8.00% | 8.00% | 6.57% | 8.04% | |
| Key managerial employees | | | | | | |
| Mr. Kusal Roy, Managing Director | | | | | | |
| Options granted | - | - | - | - | 600,000 | 600,000 |
| Options exercised | - | - | - | - | - | - |
| Mr. Puneet Sharma, Chief Financial Officer | | | | | | |
| Options granted | 80,000 | - | 10,000 | 10,000 | 400,000 | 500,000 |
| Options exercised | 80,000 | - | 10,000 | 10,000 | - | 100,000 |
| Ms. Avan Doomasia, Company Secretary | | | | | | |
| Options granted | 60,000 | - | 10,000 | 10,000 | 125,000 | 205,000 |
| Options exercised | 60,000 | - | 10,000 | 10,000 | - | 80,000 |

As at March 31, 2018

| Particulars | ESOP 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 | Total |
|---|-----------|-----------|-----------|-----------|-----------|---------|
| Fair value at grant date | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Share price at grant date | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Exercise price | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Expected volatility | | | | | | |
| (weighted average volatility) | 0.49 | 0.37 | 0.38 | 0.35 | 0.38 | |
| Expected life (expected weighted average life) | 0.00 | 0.86 | 0.00 | 1.00 | 0.00 | |
| Expected dividends | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Risk-free interest rate (based on government bonds) | 8.00% | 8.00% | 8.00% | 6.57% | 8.04% | |
| Key managerial employees | | | | | | |
| Mr. Praveen P. Kadle, Managing Director & CEO | | | | | | |
| Options granted | 240,000 | - | 10,000 | 10,000 | - | 260,000 |
| Options exercised | 240,000 | - | 10,000 | - | - | 250,000 |
| Mr. Puneet Sharma, Chief Financial Officer | | | | | | |
| Options granted | 80,000 | - | 10,000 | 10,000 | - | 100,000 |
| Options exercised | 80,000 | - | 10,000 | 10,000 | - | 100,000 |
| Ms. Avan Doomasia, Company Secretary | | | | | | |
| Options granted | 60,000 | - | 10,000 | 10,000 | - | 80,000 |
| Options exercised | 60,000 | - | 10,000 | 10,000 | - | 80,000 |

As at 1 April 2017

| Particulars | ESOP 2011 | ESOP 2013 | ESOP 2016 | ESOP 2017 | ESOP 2018 | Total |
|---|-----------|-----------|-----------|-----------|-----------|---------|
| Fair value at grant date | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Share price at grant date | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Exercise price | 17.77 | 25.00 | 30.00 | 33.40 | 50.60 | |
| Expected volatility | | | | | | |
| (weighted average volatility) | 0.49 | 0.37 | 0.38 | 0.35 | 0.38 | |
| Expected life (expected weighted average life) | 0.42 | 1.35 | 1.00 | 2.00 | 0.00 | |
| Expected dividends | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Risk-free interest rate (based on government bonds) | 8.00% | 8.00% | 8.00% | 6.57% | 8.04% | |
| Key managerial employees | | | | | | |
| Mr. Praveen P. Kadle, Managing Director & CEO | | | | | | |
| Options granted | 240,000 | - | 10,000 | - | - | 250,000 |
| Options exercised | 240,000 | - | 10,000 | - | - | 250,000 |
| Mr. Puneet Sharma, Chief Financial Officer | | | | | | |
| Options granted | 80,000 | - | 10,000 | - | - | 90,000 |
| Options exercised | 80,000 | - | 10,000 | - | - | 90,000 |
| Ms. Avan Doomasia, Company Secretary | | | | | | |
| Options granted | 60,000 | - | 10,000 | - | - | 70,000 |
| Options exercised | 60,000 | - | 10,000 | - | - | 70,000 |

36. Contingent Liabilities and Commitments:

(i) Contingent Liabilities :-

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

(Rs. in lakh)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at April 01, 2017 |
|---|-------------------------|-------------------------|-------------------------|
| Income Tax (Pending before Appellate authorities) | 2,586 | 1,916 | 1,786 |
| VAT (Pending before Appellate authorities) | 245 | 71 | 420 |

(ii) Commitments :-

(a) Undrawn Commitment given to Borrowers

As on March 31, 2019 Rs. 377,351 lakh (Year ended March, 31, 2018 : Rs. 212,864 lakh, April 01, 2017 : Rs 211,584 lakh)

Less than 1 Year: Rs. 289,205 lakh (Year ended March, 31, 2018 : Rs. 165,763 lakh, April 01, 2017 : Rs 178,908 lakh)

More than 1 Year: Rs. 88,146 lakh (Year ended March, 31, 2018 : Rs. 47,101 lakh, April 01, 2017 : Rs 32,676 lakh)

(b) Letter of Credit, Buyers Credit and Other Guarantees Rs. 7,909 lakh (Year ended March, 31, 2018 : Rs. 781 lakh, April 01 2017 : Rs. 677 lakh)

(c) Leases entered but not executed Rs. 88,210 lakh (Year ended March, 31, 2018 : Rs. 89,148 lakh, April 01, 2017 : Rs 66,473 lakh)

(d) Unamortised Forward Contract exposure Rs. Nil (Year ended March, 31, 2018 : Rs. 98 lakh, April 01, 2017 : Rs Nil)

(e) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.1,325 lakh

(as at March 31, 2018: Rs. 1,310 lakh and April 01, 2017 : Rs. 2,276 lakh).

- Tangible: Rs. 692 lakh (Year ended March, 31, 2018 : Rs. 1,111 lakh, April 01, 2017 : Rs. 817 lakh)

- Intangible: Rs. 633 lakh (Year ended March, 31, 2018 : Rs. 199 lakh, April 01, 2017 : Rs. 1,459 lakh)

37. The Company avails from time to time non-cancelable long-term leases for office premises, including office furniture. The total of future minimum lease payments that the Company is committed to make is:

(Rs in lakh)

| Lease Payments | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| - Within one year | 378 | 15 |
| - Later than one year and not later than five years | 536 | - |
| - Later than five years | - | - |

The amount charged towards lease rentals (as part of Rent expenditure) is Rs. 3,191 lakh (Year ended March, 31, 2018 : Rs. 2,249 lakh).

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

(Rs in lakh)

| Lease Payments | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| - Within one year | 31,976 | 20,259 |
| - Later than one year and not later than five years | 56,530 | 40,649 |
| - Later than five years | 2,716 | 1,759 |

Accumulated Depreciation on lease assets is Rs. 41,837 lakh (Year ended March, 31, 2018 : Rs. 19,366 lakh).

Accumulated Impairment losses on the leased assets Rs. Nil (Previous year Rs. Nil)

38. Earnings per Share (EPS):

| Particulars | | 2018-19 | 2017-18 |
|--|-------------|---------------|---------------|
| Profit after tax | Rs. in lakh | 43,281 | 40,293 |
| Add: Preference dividend on Compulsorily Convertible Cumulative Preference shares (including dividend distribution tax) | Rs. in lakh | 14,194 | 10,643 |
| Profit after tax attributable to parent company | Rs. in lakh | 57,475 | 50,936 |
| Weighted average number of equity shares in computing Basic / Diluted earnings per share | Nos. | 1,537,607,864 | 1,445,804,831 |
| Face value of equity shares | Rupees | 10 | 10 |
| Earnings per share (Basic and Diluted) | Rupees | 3.74 | 3.52 |

39. Movement in Contingent provisions against Standard Assets during the year is as under:

(Rs in lakh)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------|-------------------------|-------------------------|
| | Rs in lakh | Rs in lakh |
| Opening Balance | 49,559 | 42,176 |
| Add : Additions during the year | 8,852 | 7,383 |
| Less : Utilised during the year | - | - |
| Closing Balance | 58,411 | 49,559 |

40. Capital to Risk Assets Ratio (CRAR)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2018 |
|---|----------------------------|----------------------------|----------------------------|
| | Ind AS | Ind AS | IGAAP* |
| CRAR (%) | 16.85% | 15.60% | 16.68% |
| CRAR – Tier I Capital (%) | 12.11% | 10.77% | 12.68% |
| CRAR – Tier II Capital (%) | 4.73% | 4.84% | 4.00% |
| Amount of subordinated debt raised as Tier-II Capital | 57,140 | - | - |
| Amount raised by issue of Perpetual Debt Instruments | - | 31,800 | 31,800 |

41. Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities.

As on March 31, 2019

(Rs in lakh)

| Particulars | Liabilities | | | Assets | | |
|---------------------------------|--------------------------|----------------------|-----------------------------------|------------------|---------------|-------------------------------|
| | Borrowings from Banks | Market Borrowings | Foreign Currency Borrowings | Advances | Investments | Foreign Currency Assets |
| 1 day to 30/31 days (One month) | 212,879 | 201,865 | - | 128,653 | - | - |
| Over One months to 2 months | - | - | - | - | - | - |
| Over 2 months upto 3 months | 553,148 | 314,500 | - | 1,000,000 | - | - |
| Over 3 months to 6 months | - | - | - | - | - | - |
| Over 6 months to 1 year | 677,154 | 218,442 | - | 2,000,000 | 1,379 | - |
| Over 1 year to 3 years | - | - | - | 1,362,397 | - | - |
| Over 3 years to 5 years | 889,271 | 475,000 | - | - | 38,054 | - |
| Over 5 years | 255,767 | - | - | - | - | - |
| Total | 2,588,219 | 1,209,807 | - | 4,491,050 | 39,433 | - |

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

As on March 31, 2018

| Particulars | Liabilities | | | Assets | | |
|---------------------------------|--------------------------|----------------------|-----------------------------------|------------------|---------------|-------------------------------|
| | Borrowings from Banks | Market Borrowings | Foreign Currency Borrowings | Advances | Investments | Foreign Currency Assets |
| 1 day to 30/31 days (One month) | 187,904 | 259,934 | - | 119,265 | - | - |
| Over One months to 2 months | - | - | - | - | - | - |
| Over 2 months upto 3 months | 504,332 | - | - | 1,000,000 | - | - |
| Over 3 months to 6 months | - | - | - | - | - | - |
| Over 6 months to 1 year | 458,435 | 242,500 | - | 2,000,000 | 1,362 | - |
| Over 1 year to 3 years | - | - | - | - | - | - |
| Over 3 years to 5 years | 837,606 | 443,500 | - | 598,664 | 30,054 | - |
| Over 5 years | 199,655 | - | - | - | - | - |
| Total | 2,187,932 | 945,934 | - | 3,717,929 | 31,416 | - |

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

As on April 1, 2017

(Rs in lakh)

| Particulars | Liabilities | | | Assets | | |
|---------------------------------|--------------------------|----------------------|-----------------------------------|------------------|---------------|-------------------------------|
| | Borrowings from Banks | Market Borrowings | Foreign Currency Borrowings | Advances | Investments | Foreign Currency Assets |
| 1 day to 30/31 days (One month) | 157,537 | 403,169 | - | 109,341 | - | - |
| Over One months to 2 months | - | - | - | - | - | - |
| Over 2 months upto 3 months | 560,901 | 5,000 | - | 1,000,000 | - | - |
| Over 3 months to 6 months | - | - | - | - | - | - |
| Over 6 months to 1 year | 619,102 | 96,000 | - | 2,000,000 | 802 | - |
| Over 1 year to 3 years | - | - | - | - | - | - |
| Over 3 years to 5 years | 613,199 | 100,000 | - | 128,049 | 26,177 | - |
| Over 5 years | 173,500 | - | - | - | - | - |
| Total | 2,124,240 | 604,169 | - | 3,237,390 | 26,978 | - |

42. Disclosure of details as required by Revised Para 18 of the Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, earlier Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007. -

43. Loans and advances - Financing Activity (Secured) include Rs.433 lakh (Year ended March, 31, 2018 : Rs. 433 lakh) being the value of the unquoted preference shares acquired in satisfaction of the respective loans under the Settlement Agreement. Other Current Assets include Rs. Nil (Year ended March, 31, 2018 : Rs. 1,326 lakh) being the value of immovable property, necessary provision for which is made. Investments include Rs. 1,379 lakh (Year ended March, 31, 2018 : Rs. 1,354 lakh) being the value of the unquoted equity shares acquired in satisfaction of the respective loans under the Settlement Agreement. Other loans and advances include Rs. Nil (Year ended March, 31, 2018 : Rs. Nil) being the assignment receivable, necessary provision for which is made.
44. The company has earned commission from non-life insurance companies amounting to Rs. 857 lakh (Year ended March, 31, 2018 : Rs. 541 lakh) and from life insurance companies amounting to Rs. 69 lakh (Year ended March, 31, 2018 : Rs. 52 lakh)
45. The value of a unhedged foreign currency transaction for purchase of Operating Lease asset as on March 31, 2019 is Rs.12 lakh (Year ended March, 31, 2018 : Rs 37 lakh)
46. During the previous year ended March 31, 2018, the Company had re-assessed the useful life of its leased assets and has changed the life of the assets given on operating lease. As a result of the change in the useful life of the asset, depreciation for year ended March 31, 2018 was higher by Rs. 8,145 lakh.
47. The company has reported frauds aggregating Rs. 1,574 lakh (Year ended March, 31, 2018 : Rs. 340 lakh) based on management reporting to risk committee and to the RBI through prescribed returns.

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

The Particulars of investments in associates as on March 31, 2019 are as follows :

(Rs. in lakh)

| Sr No | Name of Associates | Country of Incorporation | Ownership Interest (%) | Original Cost of Investment | Amount of goodwill/ (Capital Reserve) in original cost | Share of post acquisition Reserves & Surplus | Carrying Amount of Investments |
|--------------|---|--------------------------|------------------------|-----------------------------|--|--|--------------------------------|
| 1 | International Asset Reconstruction Company Private Limited (Refer footnote 1 below) | India | NA <i>NA</i> | NA <i>NA</i> | NA <i>NA</i> | NA <i>NA</i> | NA <i>NA</i> |
| 2 | Fincare Business Services Limited (Refer footnote 2 below) | India | 0.72% <i>0.80%</i> | 734 <i>660</i> | - <i>-</i> | 38 <i>(59)</i> | 772 <i>601</i> |
| 3 | Shriram Properties Limited (Refer footnote 2 below) | India | 1.50% <i>1.50%</i> | 3,935 <i>3,935</i> | - <i>-</i> | - <i>-</i> | 3,935 <i>3,935</i> |
| 4 | TVS Supply Chain Solution Limited (Refer footnote 2 below) | India | 0.68% <i>0.68%</i> | 1,465 <i>1,465</i> | - <i>-</i> | 89 <i>48</i> | 1,554 <i>1,513</i> |
| 5 | Varroc Engineering Private Limited (ceased to be an associate w.e.f. July 6, 2018) | India | NA <i>1.26%</i> | NA <i>2,521</i> | NA <i>-</i> | NA <i>820</i> | NA <i>3,341</i> |
| Total | | | | 6,134 | - | 127 | 6,261 |
| | | | | <i>8,581</i> | - | <i>809</i> | <i>9,390</i> |

Note:

1) International Asset Reconstruction Company Private Limited has ceased to be an Associate with effect from March 9th, 2018, figures in italics refer to March 31, 2018.

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

3) The goodwill / Capital Reserve is not computed as the investments have become associates pursuant to adoption of Ind AS

4) Figures in Italics represent previous year.

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

| Name of the entity | As at March 31,2019 | | As at March 31,2018 | | For the period ended March 31,2019 | | For the period ended March 31,2018 | | For the period ended March 31,2019 | | For the period ended March 31,2018 | |
|--|--|------------------|--|------------------|-------------------------------------|---------------|-------------------------------------|---------------|-------------------------------------|--------------|-------------------------------------|------------|
| | Net assets, i.e., total assets minus total liabilities | | Net assets, i.e., total assets minus total liabilities | | Share of profit or loss | | Share of profit or loss | | Share in Other Comprehensive Income | | Share in Other Comprehensive Income | |
| | As % of consolidated net assets | Rs in lakh | As % of consolidated net assets | Rs in lakh | As % of consolidated profit or loss | Rs in lakh | As % of consolidated profit or loss | Rs in lakh | As % of consolidated profit or loss | Rs in lakh | As % of consolidated profit or loss | Rs in lakh |
| Parent: Tata Capital Financial Services Limited | 99.87% | 4,777,693 | 99.76% | 3,980,594 | 100.99% | 43,710 | 98.65% | 39,748 | 40.70% | (173) | 23.69% | 82 |
| Associates (Investment as per the equity method) | | | | | | | | | | | | |
| Indian | | | | | | | | | | | | |
| Fincare Business Services Limited | 0.02% | 772 | 0.02% | 601 | 0.23% | 97 | -0.15% | (59) | 0.00% | - | 0.00% | - |
| Shriram Properties Limited | 0.08% | 3,935 | 0.10% | 3,935 | 0.00% | - | 0.00% | - | 0.15% | (1) | 0.00% | - |
| TVS Logistics Services Limited | 0.03% | 1,554 | 0.04% | 1,513 | 0.10% | 42 | 0.09% | 36 | 0.00% | - | 3.59% | 12 |
| Varroc Engineering Private Limited | 0.00% | - | 0.08% | 3,341 | -1.31% | (568) | 1.41% | 568 | 59.15% | (252) | 72.72% | 252 |
| International Asset Reconstruction Company Private Limited | NA | NA | NA | NA | NA | NA | 0.00% | - | NA | NA | 0.00% | - |
| Total | 100.00% | 4,783,954 | 100.00% | 3,989,984 | 100.00% | 43,281 | 100.00% | 40,293 | 100.00% | (426) | 100.00% | 346 |

50 The Company has assessed its obligations arising in the normal course of business, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Ind AS 37 on 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

In terms of our report attached

For and on behalf of the Board of Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms Registration No –
101248W/W-100022

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

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

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

Manoj Kumar Vijai
Partner
Membership No: 046882

Kusal Roy
(Managing Director)
(DIN No. : 02268654)

Puneet Sharma
(Chief Financial Officer)

Avan Doomasia
(Company Secretary)

Mumbai
Date : August , 2019



Annexure

Statement of Ratios - Consolidated

| Particulars | For the year ended March 31, 2019 |
|---|--------------------------------------|
| Earnings per share (in Rs): | |
| - Basic | 3.74 |
| - Diluted | 3.74 |
| Debt Equity Ratio | |
| Secured Borrowings | 24,47,020 |
| Unsecured Borrowings | 13,44,646 |
| Interest accrued but not due on borrowings | 80,871 |
| Debenture issue expenses | 6,361 |
| Total Debt Funds (A) | 38,78,898 |
| Share Capital | 1,37,556 |
| Compulsorily Convertible Cumulative Preference shares | 1,88,900 |
| Other Equity | 2,66,934 |
| Less : Unamortised expenditure - Share issue expenses, prepaid expenses, unamortised loan processing fees | (21,079) |
| Total Shareholder's Funds (B) | 5,72,311 |
| Debt Equity Ratio (A) / (B) | 6.78 |

Note: Under IND AS 32 Financial Instruments ; Presentation, the Compulsorily Convertible Cumulative Preference Shares (CCCPS) and dividend accrued thereon of Rs. 188,946 lakhs have been classified under borrowings and other financial liabilities in the financial statements. Networth has been calculated as per section 2(57) of Companies Act, 2013 and included CCCPS held entirely by the Parent Company of Rs.188,900 lakhs. Debt Equity Ratio has been calculated as (Outstanding Debt - CCCPS and dividend accrued thereon) / (Shareholder's funds).

For and on behalf of Tata Capital Financial Services Limited

Authorised Signatory

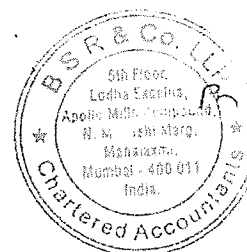
TATA CAPITAL FINANCIAL SERVICES LIMITED

Corporate Identity Number U67100MH2010PLC210201

11th Floor Tower A Peninsula Business Park Ganpatrao Kadam Marg Lower Parel Mumbai 400 013

Tel 91 22 6606 9000 Web www.tatacapital.com

Registered Office 11th Floor Tower A Peninsula Business Park Ganpatrao Kadam Marg Lower Parel Mumbai 400 013





Annexure I

Statement of Dividend paid - Consolidated

Year ended March 2019

Amount in Rs. Lakh

| | |
|--|--------|
| Interim dividend paid on Preference Shares | 11,673 |
|--|--------|

| | |
|--|-------|
| Interim dividend distribution tax on Preference Shares | 2,399 |
|--|-------|

Equity Dividend

For and on behalf of Tata Capital Financial Services Limited

Authorised Signatory



TATA CAPITAL FINANCIAL SERVICES LIMITED

Corporate Identity Number U67100MH2010PLC210201

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Annexure

Statement of Capitalisation - Consolidated
Particulars

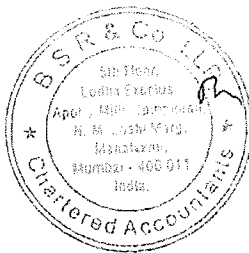
| | Amount in Rs. Lakh as at 31st March 2019 | | |
|---|--|----------------|------------|
| | Prior to Issue | Proposed Issue | Post Issue |
| Share Capital | 1,37,556 | | 1,37,556 |
| Compulsorily Convertible Cumulative Preference shares | 1,88,900 | | 1,88,900 |
| Other Equity | 2,66,934 | | 2,66,934 |
| Less : Unamortised expenditure - Ancillary borrowing expenses, prepaid expenses; unamortised loan processing fees | (21,079) | | (21,079) |
| Total Shareholder's Funds | 5,72,311 | - | 5,72,311 |
| Secured Borrowings | 24,47,020 | 2,99,790 | 27,46,810 |
| Unsecured Borrowings | 13,44,646 | 1,12,810 | 14,57,456 |
| Interest accrued but not due on borrowings | 80,871 | | 80,871 |
| Debenture issue expenses | 6,361 | | 6,361 |
| Total Debt Funds | 38,78,898 | 4,12,600 | 42,91,498 |

Note: The maximum amount proposed to be issued is assumed to be secured borrowing by the Company

Note: Under IND AS 32 Financial Instruments ; Presentation, the Compulsorily Convertible Cumulative Preference Shares (CCCPS) and dividend accrued thereon of Rs. 188,946 lakhs have been classified under borrowings and other financial liabilities in the financial statements. Networth has been calculated as per section 2(57) of Companies Act, 2013 and included CCCPS held entirely by the Parent Company of Rs.188,900 lakhs. Debt Equity Ratio has been calculated as { Outstanding Debt - CCCPS and dividend accrued thereon } / { Shareholder's funds }

For and on behalf of Tata Capital Financial Services Limited

Authorised Signatory



TATA CAPITAL FINANCIAL SERVICES LIMITED

Corporate Identity Number U67100MH2010PLC210201

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Tel 91 22 6606 9000 Web www.tatacapital.com

Registered Office 11th Floor Tower A Peninsula Business Park Ganpatrao Kadam Marg Lower Parel Mumbai 400 013

DECLARATION

We, the Directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Tranche II Issue, including the relevant provisions of the Companies Act, 1956, the relevant provisions of the Companies Act, 2013, as amended, and rules prescribed thereunder as applicable on the date of this Tranche II Prospectus, and the guidelines issued by the Government of India and/or the regulations, guidelines and the circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended and the provisions under the Securities Contracts (Regulation) Act, 1956, as amended, have been complied with and no statement made in this Tranche II Prospectus is contrary to the relevant provisions of applicable acts, rules, regulations, guidelines and circulars as applicable to this Tranche II Prospectus.

We further certify that all the disclosures and statements in this Tranche II Prospectus are in conformity with applicable law and are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Tranche II Prospectus does not contain any misstatements.

SIGNED BY THE DIRECTORS:

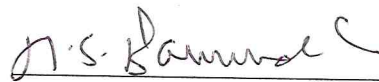
Rajiv Sabharwal
Non – Executive Director




F. N. Subedar
Non – Executive Director



Mukund S. Dharmadhikari
Independent Director



Anuradha E. Thakur
Independent Director



Varsha Purandare
Independent Director



Kusal Roy
Managing Director



Date: August 2, 2019

Place: Mumbai

TCFSL/204907/RB/08142018/1

August 27, 2018

Mr. Kiran Joshi

Head - Treasury

Tata Capital Financial Services Limited

Tower A 1101, Peninsula Business Park,

Ganpatrao Kadam Marg,

Lower Parel

Mumbai - 400013

Dear Mr. Kiran Joshi,

Re: CRISIL Rating for the Rs.7500 Crore Retail Bonds* of Tata Capital Financial Services Limited

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please refer to our rating letters dated August 15, 2018 bearing Ref. no: TCFSL/204907/RB/08142018

Please find in the table below the rating outstanding for your company.

| S.No. | Instrument | Rated Amount (Rs. in Crore) | Rating Outstanding |
|-------|--------------|-----------------------------|--------------------|
| 1 | Retail Bonds | 7500 | CRISIL AAA/Stable |

For the purpose of issuance of the captioned debt issue, this letter is valid for 180 calendar days from the date of the letter. In the event of your company not placing the above instrument within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned debt instrument.

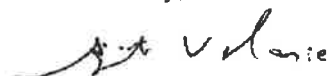
As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Ajit Velonie

Director- CRISIL Ratings



Nivedita Shibu

Associate Director - CRISIL Ratings

**Includes Non-Convertible Debentures and Subordinated Debt*

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest Company Handbook on instruments rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

TCFSL/204907/RB/08142018
August 15, 2018

Mr. Kiran Joshi
Head - Treasury
Tata Capital Financial Services Limited
Tower A 1101, Peninsula Business Park,
Ganpatrao Kadam Marg,
Lower Parel
Mumbai - 400013

Dear Mr. Kiran Joshi,

Re: CRISIL Rating for the Rs.7500 Crore Retail Bonds* of Tata Capital Financial Services Limited

We refer to your request for a rating for the captioned Debt issue.

CRISIL has, after due consideration, assigned its "CRISIL AAA/Stable" (pronounced as CRISIL triple A rating with Stable outlook) rating for the captioned debt issue. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

For the purpose of issuance of the captioned debt issue, this letter is valid for 180 calendar days from the date of the letter. In the event of your company not placing the above instrument within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned debt instrument.

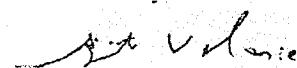
As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Ajit Velonie
Director - CRISIL Ratings



Nivedita Shibu
Associate Director - CRISIL Ratings



**Includes Non-Convertible Debentures and Subordinated Debt*

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

Details of the Rs.7500 Crore Retail Bonds of Tata Capital Financial Services Limited

| | 1st tranche | | 2nd tranche | | 3rd tranche | |
|-------------------------------|-------------|--------|-------------|--------|-------------|--------|
| Instrument Series: | | | | | | |
| Amount Placed: | | | | | | |
| Maturity Period: | | | | | | |
| Put or Call Options (if any): | | | | | | |
| Coupon Rate: | | | | | | |
| Interest Payment Dates: | | | | | | |
| Principal Repayment Details: | Date | Amount | Date | Amount | Date | Amount |
| | | | | | | |
| Investors: | | | | | | |
| Trustees: | | | | | | |

In case there is an offer document for the captioned Debt issue, please send us a copy of it.

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Rating Criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301. Corporate Identity Number: L67120MH1987PLC092863

Ratings



Rating Rationale

August 15, 2018 | Mumbai

Tata Capital Financial Services Limited

'CRISIL AAA/Stable' assigned to Retail bond ; Long term rating upgraded to 'CRISIL AAA/CRISIL AA+/Stable'

Rating Action

| | |
|--|---|
| Rs.7500 Crore Retail Bond* | CRISIL AAA/Stable (Assigned) |
| Non-Convertible Debentures Aggregating Rs.10240.50 Crore | CRISIL AAA/Stable (Upgraded from 'CRISIL AA+/Stable') |
| Subordinated Debt Aggregating Rs.1500 Crore | CRISIL AAA/Stable (Upgraded from 'CRISIL AA+/Stable') |
| Perpetual Bonds Aggregating Rs.500 Crore | CRISIL AA+/Stable (Upgraded from 'CRISIL AA/Stable') |
| Rs.15000 Crore Commercial Paper | CRISIL A1+ (Reaffirmed) |

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

*Includes Non-Convertible Debentures and Subordinated Debt

Detailed Rationale

CRISIL has upgraded its long-term rating on the debt instruments of Tata Capital Ltd (TCL) and its subsidiaries, including Tata Capital Financial Services Ltd (TCFSL), collectively referred to herein as the TCL group to 'CRISIL AAA/CRISIL AA+/Stable' from 'CRISIL AA+/CRISIL AA/Stable'. The rating on the commercial paper programmed has been reaffirmed that 'CRISIL A1+'. CRISIL has also assigned its rating of 'CRISIL AAA/Stable' to the retail bonds of Rs.7500 crore of TCFSL.

The rating action is driven by the increased strategic importance of the financial services business to Tata Sons Limited (Tata Sons; rated 'CRISIL AAA/FAAA/Stable/CRISIL A1+'). This is in line with the Tata group's focus on domestic consumption as a key theme in their growth philosophy. The TCL group, as the principal vehicle for non-captive lending, plays a key role through which this strategy will be implemented.

Tata Sons has already infused Rs 1250 crore of equity capital in fiscal 2019 till date and is committed to infuse additional Rs 1250 crore by March 2019. This equity capital infusion in fiscal 2019 is almost equal to the Rs 2800 crore of total equity capital infused from inception till March 31, 2018, and is a strong indicator of the focus on the lending business.

The rating action also factors in the strong support by the parent Tata Sons demonstrated by articulation of its intention to (i) to maintain majority shareholding in the TCL group, (ii) to assist TCL group in organizing for any shortfall in maintaining capital adequacy as per applicable regulations and (iii) to conduct the business of TCL group in a manner that would enable TCL group to perform its obligations to all lenders and debt holders in full and timely manner.

TCL group's business performance has also improved, with significant scale-up and diversification in its portfolio over the past few years. Asset quality and earnings are also on an improving trend, with the group discontinuing businesses which have posed asset quality challenges in recent years. The TCL group is also further strengthening its risk function- both in people and in processes, which should hold it in good stead. Capital position will remain comfortable, with continued capital infusion from Tata Sons.

Analytical Approach

For arriving at its ratings, CRISIL has combined the business and financial risk profiles of TCL and its subsidiaries TCFSL, Tata Capital Housing Finance Limited (TCHFL), and Tata Cleantech Capital Limited (TCCL). They have significant operational and management linkages, and operate under the common Tata Capital brand. Furthermore, most of TCL's earnings (on a consolidated basis; excluding one-offs) are accounted for by its two main subsidiaries, TCFSL and TCHFL.

Key Rating Drivers & Detailed Description

Strengths

* Strategic importance to, and expectation of strong support from the ultimate parent, Tata Sons

CRISIL's ratings on debt instruments of TCL group continue to be based on the expectation of strong support that the group is expected to receive from the ultimate parent, Tata Sons. This is due to Tata Sons' majority ownership in the TCL group, coupled with the increasing importance of the financial services business to the Tata group.

Tata Sons directly owns 93.22% of TCL's equity shares and most of the remaining stake is held by the other Tata group companies and trusts. TCL in turn holds 100% stake in its two main subsidiaries- TCFSL and TCHFL. Tata Sons also has personnel from its senior management on TCL's board. Tata Sons has infused equity capital of around Rs.4050 crore in TCL since TCL's inception; Rs 1250 crore of this has been infused just in fiscal 2019 till date indicating the intent of the group to step up its focus on the lending business.

TCL group, as the Tata group's non-captive lending vehicle, is the primary financial services arm, and remains critical to the group, given the growth opportunities in this sector over the medium to long term. TCL group is also strategically important to the Tata group because it caters to the funding requirements of various entities associated with the group, such as its suppliers, vendors, and dealers. The shared brand and infrastructural synergies with various Tata group companies strengthen the integration of the TCL group with the overall Tata group. Business synergies are set to increase further as TCL

taps into the Tata group ecosystem as part of its growth strategy. CRISIL believes that Tata Sons will continue to have majority ownership in, and management control of TCL and its subsidiaries, over the medium term.

*** Comfortable capitalization to support medium term growth plans, supported by regular infusion from parent**

TCL group has comfortable capitalisation, with absolute networth (on a consolidated basis) of Rs 6647 crore as March 31, 2018 (Rs 6044 crore as on March 31, 2017). The capital infusion in fiscal 2019 will further strengthen the networth. As on March 31, 2018, both TCFSL and TCHFL remained adequately capitalised with overall capital adequacy ratio of 16.68% and 17.22% respectively (16.07% and 16.01% respectively as on March 31, 2017 respectively). The gearing of TCFSL and TCHFL stood at 6.3 times and 10.3 times respectively as on March 31, 2018 (6.7 times and 11.9 times respectively as on March 31, 2017). TCL group's consolidated gearing stood at 8.0 times as on March 31, 2018. CRISIL believes that TCL group is adequately capitalised to absorb asset-side risks. CRISIL also believes that despite its significant growth plans, TCL group's capitalisation is expected to remain comfortable, given Tata Sons' commitment to support growth in the financial services business.

*** Diversified resource profile**

TCL group also has access to funding from a diverse base of lenders; the funding profile is fairly balanced with a mix of non-convertible debentures, bank borrowings, and short-term debt. As on March 31, 2018, overall market borrowings stood at about 60% of total borrowings. TCL and its subsidiaries have the ability to mobilize debt at competitive costs, given their association with the Tata group.

Weaknesses

*** Average asset quality; expected to improve with strengthened risk management systems and processes**

Asset quality is expected to improve going ahead with the group exiting segments such as infrastructure lending in which they have faced asset quality challenges in the past, as well as the strengthening of the risk management infrastructure.

On a consolidated basis, TCL group's gross non-performing assets (NPAs) and net NPAs stood at 2.4% and 0.7% respectively as on March 31, 2018, lower than the 3.4% and 0.9% respectively as on March 31, 2017. In case of TCFSL, gross NPAs have come down to 3.3% as on March 31, 2018 from 4.9% in March 2017 and 5.3% in March 2016; a large part of this has been driven by write-offs in discontinued businesses. Asset quality in the continuing businesses is better and with the enhanced focus on risk management, is expected to improve going ahead. However, the impact of seasoning as well as the ability to manage the unsecured loan book, whose share is expected to increase, will need to be seen over time.

TCHFL's gross NPA, while remaining low, has inched up to 1.2% March 31, 2018 from 0.9% as on March 31, 2017 and 0.7% as on March 31, 2016. However, excluding proactive early recognition of a large account, gross NPA would have been 0.9% as on March 31, 2018, in line with industry average. Given TCHFL's strong growth, the impact of seasoning will be visible only over the medium term. TCCL had no gross NPAs as on March 31, 2018.

CRISIL will monitor the ability of these companies to maintain low delinquency levels across asset classes over economic cycles.

*** Moderate, though improving earnings profile**

TCL group's profitability has been subdued in the past due to high credit costs. Net interest margins (based on total income) have been relatively stable at over 5% for the past 3 years. Reduction in credit costs in fiscal 2018, though partially offset by an increase in operating expenses, has led to an increase in the consolidated RoA to 1.3% in fiscal 2018 from 0.9% (reported; excluding impact of one-time write-offs through reserves) in fiscal 2017. TCFSL's RoA in fiscal 2018 improved to 1.3% as compared to 0.7% (reported) last year while TCHFL's RoA stood at 1.1%, almost unchanged from 1.2% last year.

With expected improvement in asset quality, earnings metrics are also expected to move up. The healthy CRISIL-adjusted provision coverage ratio (PCR), at around 73% for TCFSL and 61% for TCHFL, also support profitability. CRISIL will continue to monitor TCL group's profitability, especially credit costs and operating efficiencies over the medium term.

Outlook: Stable

CRISIL believes that TCL group will remain highly strategically important to Tata Sons, and continue to benefit from the strong parent support over the medium term. The outlook may be revised to 'Negative' in case of a decline in Tata Sons' credit quality or in CRISIL's view, a diminution in expected support to TCL group. The outlook may also be revised to 'Negative' in case of significant pressure on the TCL group's asset quality, impacting the group's earnings.

About the Company

Set up in November 2010, TCFSL is a wholly owned subsidiary of TCL. Following the change in the holding structure for the financial services businesses, TCL transferred its lending business and the corresponding part of its liabilities to TCFSL with effect from March 27, 2012. End fiscal 2018, the company had a sizable AUM of Rs 37,260 crore (Rs 32,900 crore as on March 31, 2017). It has a diversified product portfolio, with almost equal presence across both retail and wholesale finance segments. The company's principal business segments include channel financing, home equity, construction equipment financing, unsecured retail finance, and automobile finance for non-Tata vehicles. As on March 31, 2018, TCFSL had a net worth of Rs 4,961 crore (Rs 4,064 crore as on March 31, 2017).

For financial year ending March 31, 2018, the company reported a net profit of Rs 483 crore on total income (net of interest expenses) of Rs 2325 crore as against a net profit of Rs 216 crore on total income (net of interest expenses) of Rs 1,980 crore previous year.

TCL is the holding company for several of the financial services businesses of the Tata group and is registered with the Reserve Bank of India as a systemically important, non-deposit-taking, core investment company. TCL group has a diversified product portfolio with a presence in both the wholesale and retail finance segments. It had sizeable consolidated AUM of Rs 61,445 crore as on March 31, 2018 (Rs 51,847 crore as on March 31, 2017). The fund-based products and services are primarily offered by TCFSL (both wholesale and retail finance segments), TCHFL (mortgage finance), and TCCL

(infrastructure finance). The fee-based services ' distribution of mutual funds and insurance products, stock broking, and investment banking ' are offered through the wholly owned subsidiary, Tata Securities Ltd.

Key Financial Indicators

| As On/For the year ended March 31 | Unit | 2018 | 2017 |
|---|---------|-------|-------|
| Total Assets | Rs. Cr. | 39281 | 34500 |
| Total income (net of interest expenses) | Rs. Cr. | 2325 | 1980 |
| Profit after tax | Rs. Cr. | 482 | 216 |
| Gross NPA | % | 3.3 | 4.9 |
| Return on assets | % | 1.3 | 0.7 |
| Gearing | Times | 6.3 | 6.7 |

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

| ISIN No. | Name of the instrument | Date of issuance | Coupon rate (%) | Maturity Date | Size of the issue (in Cr) | Rating assigned along with Outlook |
|--------------|------------------------------|------------------|-----------------|---------------|---------------------------|------------------------------------|
| NA | Retail Bond* @ | NA | NA | NA | 7500 | CRISIL AAA/Stable |
| NA | Non convertible debentures @ | NA | NA | NA | 1000 | CRISIL AAA/Stable |
| INE306N07468 | Non convertible debentures ^ | 09-Nov-12 | 10.10% | 09-Nov-17 | 500 | CRISIL AAA/Stable |
| INE306N07476 | Non convertible debentures ^ | 12-Nov-12 | 9.55% | 10-Nov-17 | 30 | CRISIL AAA/Stable |
| INE306N07500 | Non convertible debentures ^ | 05-Dec-12 | 9.52% | 05-Dec-17 | 25 | CRISIL AAA/Stable |
| INE306N07559 | Non convertible debentures ^ | 16-Jan-13 | 9.50% | 16-Jan-18 | 65 | CRISIL AAA/Stable |
| INE306N07567 | Non convertible debentures ^ | 22-Jan-13 | 9.60% | 22-Jan-18 | 500 | CRISIL AAA/Stable |
| INE306N07575 | Non convertible debentures ^ | 22-Jan-13 | 9.40% | 22-Jan-18 | 25 | CRISIL AAA/Stable |
| INE306N07633 | Non convertible debentures ^ | 26-Mar-13 | 9.30% | 26-Mar-18 | 5 | CRISIL AAA/Stable |
| INE306N07666 | Non convertible debentures ^ | 23-Apr-13 | 9.40% | 23-Apr-18 | 85 | CRISIL AAA/Stable |
| INE306N07690 | Non convertible debentures ^ | 07-May-13 | 9.10% | 07-May-18 | 20 | CRISIL AAA/Stable |
| INE306N07708 | Non convertible debentures ^ | 07-May-13 | 9.08% | 07-May-18 | 50 | CRISIL AAA/Stable |
| INE306N07740 | Non convertible debentures ^ | 22-May-13 | 9.05% | 22-May-18 | 200 | CRISIL AAA/Stable |
| INE306N07732 | Non convertible debentures ^ | 22-May-13 | 8.95% | 22-May-18 | 25 | CRISIL AAA/Stable |
| INE306N07807 | Non convertible debentures | 20-Aug-13 | 10.40% | 20-Aug-18 | 43 | CRISIL AAA/Stable |
| INE306N07831 | Non convertible debentures ^ | 26-Aug-13 | 10.75% | 25-Aug-17 | 30 | CRISIL AAA/Stable |
| INE306N07DQ3 | Non convertible debentures ^ | 14-Nov-14 | 9.11% | 24-Nov-17 | 15 | CRISIL AAA/Stable |
| INE306N07DR1 | Non convertible debentures ^ | 18-Nov-14 | 9.10% | 20-Nov-17 | 10 | CRISIL AAA/Stable |
| INE306N07DS9 | Non convertible debentures ^ | 19-Nov-14 | 9.10% | 15-Nov-17 | 74 | CRISIL AAA/Stable |
| INE306N07DT7 | Non convertible debentures | 20-Nov-14 | 9.36% | 20-Nov-24 | 95 | CRISIL AAA/Stable |
| INE306N07DU5 | Non convertible debentures ^ | 21-Nov-14 | 9.07% | 20-Nov-17 | 38 | CRISIL AAA/Stable |
| INE306N07DV3 | Non convertible debentures ^ | 21-Nov-14 | 9.07% | 27-Nov-17 | 20 | CRISIL AAA/Stable |
| INE306N07DW1 | Non convertible debentures ^ | 21-Nov-14 | 9.07% | 29-Nov-17 | 15 | CRISIL AAA/Stable |
| INE306N07EC1 | Non convertible debentures | 08-Dec-14 | 9.22% | 06-Dec-24 | 75 | CRISIL AAA/Stable |
| INE306N07EE7 | Non convertible debentures ^ | 08-Dec-14 | 8.90% | 08-Dec-17 | 5 | CRISIL AAA/Stable |
| INE306N07EJ6 | Non convertible debentures ^ | 16-Dec-14 | 8.90% | 04-Jan-18 | 9 | CRISIL AAA/Stable |
| INE306N07EL2 | Non convertible debentures ^ | 14-Jan-15 | 9.05% | 10-Jan-18 | 16.2 | CRISIL AAA/Stable |
| INE306N07EM0 | Non convertible debentures ^ | 15-Jan-15 | 9.10% | 15-Jan-18 | 9.7 | CRISIL AAA/Stable |
| INE306N07EN8 | Non convertible debentures ^ | 15-Jan-15 | 9.10% | 05-Apr-18 | 5.9 | CRISIL AAA/Stable |
| INE306N07EP3 | Non convertible debentures ^ | 20-Jan-15 | 8.92% | 24-Jan-18 | 21 | CRISIL AAA/Stable |
| INE306N07ER9 | Non convertible debentures ^ | 29-Jan-15 | 9.00% | 29-Jan-18 | 300 | CRISIL AAA/Stable |
| INE306N07ET5 | Non convertible debentures ^ | 04-Feb-15 | 8.90% | 02-Feb-18 | 50 | CRISIL AAA/Stable |
| INE306N07EW9 | Non convertible debentures ^ | 20-Feb-15 | 9.04% | 12-Feb-18 | 6 | CRISIL AAA/Stable |
| INE306N07FB0 | Non convertible debentures ^ | 02-Mar-15 | 9.05% | 02-Mar-18 | 65 | CRISIL AAA/Stable |
| INE306N07FD6 | Non convertible debentures ^ | 05-Mar-15 | 9.03% | 10-Apr-17 | 11.5 | CRISIL AAA/Stable |
| INE306N07FF1 | Non convertible debentures ^ | 05-Mar-15 | 9.03% | 02-May-17 | 11 | CRISIL AAA/Stable |
| INE306N07FI5 | Non convertible debentures ^ | 10-Mar-15 | 9.00% | 09-Mar-18 | 50 | CRISIL AAA/Stable |
| INE306N07FL9 | Non convertible debentures ^ | 20-Mar-15 | 9.00% | 03-Apr-18 | 8 | CRISIL AAA/Stable |
| INE306N07FM7 | Non convertible debentures ^ | 24-Mar-15 | 9.10% | 23-Mar-18 | 15 | CRISIL AAA/Stable |
| INE306N07FO3 | Non convertible debentures ^ | 15-Apr-15 | 8.85% | 11-Apr-17 | 18 | CRISIL AAA/Stable |
| INE306N07FP0 | Non convertible debentures ^ | 20-Apr-15 | 8.80% | 22-May-17 | 102.6 | CRISIL AAA/Stable |
| INE306N07FQ8 | Non convertible debentures ^ | 22-Apr-15 | 8.76% | 19-Apr-17 | 32.6 | CRISIL AAA/Stable |
| INE306N07FR6 | Non convertible debentures ^ | 22-Apr-15 | 8.76% | 20-Apr-17 | 7 | CRISIL AAA/Stable |

| | | | | | | |
|--------------|-----------------------------|-----------|-------|-----------|-------|-------------------|
| INE306N07FS4 | Non convertible debentures^ | 22-Apr-15 | 8.76% | 25-Apr-17 | 85 | CRISIL AAA/Stable |
| INE306N07FT2 | Non convertible debentures^ | 22-Apr-15 | 8.74% | 01-Jun-17 | 34 | CRISIL AAA/Stable |
| INE306N07FU0 | Non convertible debentures^ | 24-Apr-15 | 8.71% | 03-Apr-17 | 64 | CRISIL AAA/Stable |
| INE306N07FX4 | Non convertible debentures^ | 24-Apr-15 | 8.76% | 18-Apr-17 | 8.8 | CRISIL AAA/Stable |
| INE306N07FV8 | Non convertible debentures^ | 24-Apr-15 | 8.71% | 04-Apr-17 | 19 | CRISIL AAA/Stable |
| INE306N07FW6 | Non convertible debentures^ | 24-Apr-15 | 8.71% | 05-Apr-17 | 51 | CRISIL AAA/Stable |
| INE306N07FY2 | Non convertible debentures | 05-May-15 | 8.88% | 05-May-20 | 330 | CRISIL AAA/Stable |
| INE306N07GA0 | Non convertible debentures^ | 13-May-15 | 8.89% | 24-May-17 | 35 | CRISIL AAA/Stable |
| INE306N07GB8 | Non convertible debentures^ | 13-May-15 | 8.89% | 27-Apr-17 | 9 | CRISIL AAA/Stable |
| INE306N07GC6 | Non convertible debentures^ | 15-May-15 | 8.89% | 17-Jul-17 | 127 | CRISIL AAA/Stable |
| INE306N07GD4 | Non convertible debentures^ | 15-May-15 | 8.91% | 22-May-17 | 78 | CRISIL AAA/Stable |
| INE306N07GE2 | Non convertible debentures^ | 15-May-15 | 8.91% | 12-May-17 | 25 | CRISIL AAA/Stable |
| INE306N07GF9 | Non convertible debentures^ | 15-May-15 | 8.91% | 24-May-17 | 22 | CRISIL AAA/Stable |
| INE306N07GG7 | Non convertible debentures^ | 15-May-15 | 8.90% | 20-Jun-17 | 18.7 | CRISIL AAA/Stable |
| INE306N07GH5 | Non convertible debentures^ | 15-May-15 | 8.90% | 01-Jun-17 | 17.5 | CRISIL AAA/Stable |
| INE306N07GI3 | Non convertible debentures^ | 15-May-15 | 8.80% | 11-Apr-17 | 12 | CRISIL AAA/Stable |
| INE306N07GJ1 | Non convertible debentures^ | 15-May-15 | 8.91% | 15-May-17 | 10 | CRISIL AAA/Stable |
| INE306N07GL7 | Non convertible debentures^ | 22-May-15 | 8.91% | 01-Jun-17 | 127.3 | CRISIL AAA/Stable |
| INE306N07GM5 | Non convertible debentures^ | 22-May-15 | 8.91% | 17-May-17 | 20 | CRISIL AAA/Stable |
| INE306N07GP8 | Non convertible debentures^ | 22-May-15 | 8.90% | 20-Jun-17 | 6.7 | CRISIL AAA/Stable |
| INE306N07GS2 | Non convertible debentures^ | 26-May-15 | 9.00% | 24-May-17 | 525 | CRISIL AAA/Stable |
| INE306N07GT0 | Non convertible debentures^ | 09-Jun-15 | 8.96% | 09-Jun-17 | 500 | CRISIL AAA/Stable |
| INE306N07GU8 | Non convertible debentures^ | 22-Jun-15 | 8.90% | 22-Jun-18 | 380 | CRISIL AAA/Stable |
| INE306N07GV6 | Non convertible debentures^ | 24-Jun-15 | 8.95% | 23-Jun-17 | 100 | CRISIL AAA/Stable |
| INE306N07GW4 | Non convertible debentures^ | 24-Jun-15 | 8.95% | 23-Jun-17 | 75 | CRISIL AAA/Stable |
| INE306N07GX2 | Non convertible debentures^ | 24-Jun-15 | 8.95% | 23-Jun-17 | 75 | CRISIL AAA/Stable |
| INE306N07GZ7 | Non convertible debentures^ | 07-Jul-15 | 8.99% | 23-Jun-17 | 250 | CRISIL AAA/Stable |
| INE306N07HA8 | Non convertible debentures^ | 07-Jul-15 | 8.99% | 07-Jul-17 | 25 | CRISIL AAA/Stable |
| INE306N07HB6 | Non convertible debentures^ | 09-Jul-15 | 8.99% | 07-Jul-17 | 250 | CRISIL AAA/Stable |
| INE306N07HC4 | Non convertible debentures^ | 13-Jul-15 | 8.95% | 13-Jul-18 | 5 | CRISIL AAA/Stable |
| INE306N07HE0 | Non convertible debentures^ | 31-Jul-15 | 8.85% | 31-Jul-17 | 157 | CRISIL AAA/Stable |
| INE306N07HV4 | Non convertible debentures | 24-May-16 | 8.67% | 24-May-19 | 25 | CRISIL AAA/Stable |
| INE306N07HW2 | Non convertible debentures | 30-May-16 | 8.70% | 28-May-21 | 50 | CRISIL AAA/Stable |
| INE306N07HX0 | Non convertible debentures^ | 07-Jun-16 | 8.65% | 10-Aug-17 | 40 | CRISIL AAA/Stable |
| INE306N07HY8 | Non convertible debentures^ | 10-Jun-16 | 8.75% | 12-Jun-17 | 25 | CRISIL AAA/Stable |
| INE306N07HZ5 | Non convertible debentures | 10-Jun-16 | 8.72% | 23-Dec-19 | 13 | CRISIL AAA/Stable |
| INE306N07IA6 | Non convertible debentures^ | 15-Jun-16 | 8.71% | 15-Jun-17 | 30 | CRISIL AAA/Stable |
| INE306N07IB4 | Non convertible debentures^ | 15-Jun-16 | 8.69% | 15-Jun-17 | 25 | CRISIL AAA/Stable |
| INE306N07IC2 | Non convertible debentures^ | 24-Jun-16 | 8.66% | 26-Dec-17 | 25 | CRISIL AAA/Stable |
| INE306N07ID0 | Non convertible debentures^ | 07-Jul-16 | 8.69% | 08-Jan-18 | 25 | CRISIL AAA/Stable |
| INE306N07IE8 | Non convertible debentures^ | 08-Jul-16 | 8.55% | 08-Sep-17 | 150 | CRISIL AAA/Stable |
| INE306N07IF5 | Non convertible debentures | 12-Jul-16 | 8.82% | 12-Jul-19 | 200 | CRISIL AAA/Stable |
| INE306N07IG3 | Non convertible debentures | 19-Jul-16 | 8.66% | 19-Jul-19 | 25 | CRISIL AAA/Stable |
| INE306N07IH1 | Non convertible debentures | 29-Jul-16 | 8.62% | 29-Jul-19 | 10 | CRISIL AAA/Stable |
| INE306N07II9 | Non convertible debentures^ | 02-Aug-16 | 8.62% | 02-Aug-18 | 150 | CRISIL AAA/Stable |
| INE306N07IJ7 | Non convertible debentures^ | 12-Aug-16 | 8.15% | 13-Aug-18 | 25 | CRISIL AAA/Stable |
| INE306N07IK5 | Non convertible debentures | 16-Aug-16 | 8.30% | 16-Aug-18 | 75 | CRISIL AAA/Stable |
| INE306N07IL3 | Non convertible debentures | 25-Aug-16 | 8.20% | 23-Aug-19 | 25 | CRISIL AAA/Stable |
| INE306N07IM1 | Non convertible debentures | 26-Aug-16 | 8.25% | 01-Jul-20 | 15 | CRISIL AAA/Stable |
| INE306N07IN9 | Non convertible debentures | 31-Aug-16 | 8.16% | 31-Aug-18 | 30 | CRISIL AAA/Stable |
| INE306N07IO7 | Non convertible debentures | 31-Aug-16 | 8.16% | 30-Aug-19 | 25 | CRISIL AAA/Stable |
| INE306N07IP4 | Non convertible debentures | 06-Sep-16 | 8.20% | 06-Sep-18 | 250 | CRISIL AAA/Stable |
| INE306N07IQ2 | Non convertible debentures | 08-Sep-16 | 8.20% | 08-Mar-19 | 250 | CRISIL AAA/Stable |
| INE306N07IR0 | Non convertible debentures^ | 30-Sep-16 | 7.88% | 26-Mar-18 | 150 | CRISIL AAA/Stable |
| INE306N07IS8 | Non convertible debentures^ | 04-Oct-16 | 7.88% | 26-Mar-18 | 350 | CRISIL AAA/Stable |
| INE306N07IZ3 | Non convertible debentures | 28-Dec-16 | 7.58% | 28-Dec-21 | 272 | CRISIL AAA/Stable |
| INE306N08086 | Non convertible debentures^ | 12-Aug-15 | 8.80% | 10-Aug-18 | 200 | CRISIL AAA/Stable |
| INE306N08094 | Non convertible debentures^ | 01-Sep-15 | 8.91% | 01-Sep-17 | 150 | CRISIL AAA/Stable |
| INE306N08169 | Non convertible debentures^ | 25-Apr-16 | 8.85% | 25-Apr-18 | 300 | CRISIL AAA/Stable |
| INE306N08177 | Non convertible debentures^ | 27-Apr-16 | 8.85% | 27-Apr-18 | 200 | CRISIL AAA/Stable |

| NA | Perpetual debt@ | NA | NA | NA | 493.55 | CRISIL AA+/Stable |
|--------------|--------------------|-----------|--------|------------|--------|-------------------|
| INE976I08128 | Perpetual debt | 15-Nov-10 | 10.00% | Perpetual | 0.75 | CRISIL AA+/Stable |
| INE976I08136 | Perpetual debt | 14-Jan-11 | 10.00% | Perpetual | 0.9 | CRISIL AA+/Stable |
| INE976I08144 | Perpetual debt | 05-May-11 | 10.00% | Perpetual | 1 | CRISIL AA+/Stable |
| INE976I08151 | Perpetual debt | 08-Aug-11 | 11.25% | Perpetual | 3.05 | CRISIL AA+/Stable |
| INE976I08169 | Perpetual debt | 28-Sep-11 | 10.75% | Perpetual | 0.5 | CRISIL AA+/Stable |
| INE976I08177 | Perpetual debt | 07-Nov-11 | 10.75% | Perpetual | 0.25 | CRISIL AA+/Stable |
| NA | Subordinated debt@ | NA | NA | NA | 585 | CRISIL AAA/Stable |
| INE306N08029 | Subordinated debt | 26-Sep-14 | 10.15% | 26-Sep-24 | 100 | CRISIL AAA/Stable |
| INE306N08037 | Subordinated debt | 07-Jan-15 | 9.35% | 07-Jan-25 | 35 | CRISIL AAA/Stable |
| INE306N08045 | Subordinated debt | 30-Jan-15 | 9.32% | 30-Jan-25 | 75 | CRISIL AAA/Stable |
| INE306N08052 | Subordinated debt | 31-Mar-15 | 9.37% | 31-Mar-25 | 200 | CRISIL AAA/Stable |
| INE306N08078 | Subordinated debt | 22-Jul-15 | 9.25% | 22-Jul-25 | 90 | CRISIL AAA/Stable |
| INE306N08151 | Subordinated debt | 30-Mar-16 | 9.17% | 30-Mar-26 | 200 | CRISIL AAA/Stable |
| INE306N08193 | Subordinated debt | 11-Aug-16 | 8.92% | 11-Aug-26 | 200 | CRISIL AAA/Stable |
| INE306N08201 | Subordinated debt | 26-Oct-16 | 8.45% | 26-Oct-26 | 15 | CRISIL AAA/Stable |
| NA | Commercial Paper | NA | NA | 7-365 days | 15000 | CRISIL A1+ |

@Rated but unutilized

^CRISIL is awaiting independent confirmation of redemption before withdrawing ratings on these facilities

* Includes Non-Convertible Debentures and Subordinated Debt

Annexure - Rating History for last 3 Years

| Instrument | Type | Current | | 2018 (History) | | 2017 | | 2016 | | 2015 | | Start of 2015 |
|----------------------------|------|--------------------|-------------------|----------------|-------------------|----------|-------------------|----------|-------------------|----------|-------------------|-------------------|
| | | Outstanding Amount | Rating | Date | Rating | Date | Rating | Date | Rating | Date | Rating | Rating |
| Commercial Paper | ST | 15000.00 | CRISIL A1+ | 28-05-18 | CRISIL A1+ | 21-11-17 | CRISIL A1+ | | - | | - | - |
| | | | | | | 04-09-17 | CRISIL A1+ | | | | | |
| Non Convertible Debentures | LT | 10240.50 | CRISIL AAA/Stable | 28-05-18 | CRISIL AA+/Stable | 21-11-17 | CRISIL AA+/Stable | 14-09-16 | CRISIL AA+/Stable | 22-09-15 | CRISIL AA+/Stable | CRISIL AA+/Stable |
| | | | | | | 04-09-17 | CRISIL AA+/Stable | 17-06-16 | CRISIL AA+/Stable | 29-07-15 | CRISIL AA+/Stable | |
| | | | | | | 31-07-17 | CRISIL AA+/Stable | 27-05-16 | CRISIL AA+/Stable | 12-06-15 | CRISIL AA+/Stable | |
| | | | | | | 22-03-17 | CRISIL AA+/Stable | 18-04-16 | CRISIL AA+/Stable | 13-02-15 | CRISIL AA+/Stable | |
| | | | | | | 22-02-17 | CRISIL AA+/Stable | 19-01-16 | CRISIL AA+/Stable | | | |
| Perpetual Bonds | LT | 500.00 | CRISIL AA+/Stable | 28-05-18 | CRISIL AA/Stable | 21-11-17 | CRISIL AA/Stable | 14-09-16 | CRISIL AA-/Stable | 22-09-15 | CRISIL AA-/Stable | CRISIL AA-/Stable |
| | | | | | | 04-09-17 | CRISIL AA/Stable | 17-06-16 | CRISIL AA-/Stable | 29-07-15 | CRISIL AA-/Stable | |
| | | | | | | 31-07-17 | CRISIL AA/Stable | 27-05-16 | CRISIL AA-/Stable | 12-06-15 | CRISIL AA-/Stable | |
| | | | | | | 22-03-17 | CRISIL AA/Stable | 18-04-16 | CRISIL AA-/Stable | 13-02-15 | CRISIL AA-/Stable | |
| | | | | | | 22-02-17 | CRISIL AA/Stable | 19-01-16 | CRISIL AA-/Stable | | | |
| Retail Bond | LT | 7500.00 | CRISIL AAA/Stable | | - | | - | | - | | - | - |
| Subordinated Debt | LT | 1500.00 | CRISIL AAA/Stable | 28-05-18 | CRISIL AA+/Stable | 21-11-17 | CRISIL AA+/Stable | 14-09-16 | CRISIL AA+/Stable | 22-09-15 | CRISIL AA+/Stable | CRISIL AA+/Stable |
| | | | | | | 04-09-17 | CRISIL AA+/Stable | 17-06-16 | CRISIL AA+/Stable | 29-07-15 | CRISIL AA+/Stable | |
| | | | | | | 31-07-17 | CRISIL AA+/Stable | 27-05-16 | CRISIL AA+/Stable | 12-06-15 | CRISIL AA+/Stable | |
| | | | | | | 22-03-17 | CRISIL AA+/Stable | 18-04-16 | CRISIL AA+/Stable | 13-02-15 | CRISIL AA+/Stable | |
| | | | | | | 22-02-17 | CRISIL AA+/Stable | 19-01-16 | CRISIL AA+/Stable | | | |

All amounts are in Rs.Cr.

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Mumbai - 400013

August 27, 2018

Confidential

Dear Sir,

Credit rating for public issue of non-convertible debenture/subordinated debt

Please refer to our letters dated August 14, 2018 and your request for revalidation of the rating assigned to the public issue of non-convertible debenture/subordinated debt of your company.

The following ratings have been reviewed by our Rating Committee:

| Instrument | Amount (Rs. crore) | Rating ¹ | Rating Action |
|--|--|--|-------------------|
| Proposed Non-Convertible Debenture/ Subordinated Debt (Public Issue) | 7500 (Rs. Seven Thousand and Five Hundred Crore only) | CARE AAA; Stable (Triple A; Outlook Stable) | Reaffirmed |

- Please arrange to get the rating revalidated, in case the proposed issues are not made within six months from the date of this letter.
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

| Instrument type | ISIN | Issue Size (Rs cr) | Coupon Rate | Coupon Payment Dates | Terms of Redemption | Redemption date | Name and contact details of Debenture Trustee/IP A | Details of top 10 investors |
|-----------------|------|--------------------|-------------|----------------------|---------------------|-----------------|--|-----------------------------|
|-----------------|------|--------------------|-------------|----------------------|---------------------|-----------------|--|-----------------------------|

- CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
- CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

in the opinion of CARE Ratings such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the aforementioned rating actions in any manner considered appropriate by it, without reference to you.

6. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
7. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

[Viraj Dhond]

Deputy Manager

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[Ravi Kumar Dasari]

A.G.M.

ravi.kumar@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

No. CARE/HO/RL/2018-19/2527

Mr. Kiran Joshi

Head Treasury

Tata Capital Financial Services Limited,

Tower-A 1101 Peninsula Business Park

Ganpatrao Kadam Marg

Lower Parel

Mumbai – 400013

August 14, 2018

Confidential

Dear Sir,

Credit rating for proposed public issue of Non-Convertible Debenture/ Subordinated Debt

Please refer to your request for rating of proposed public issue of non-convertible debenture/subordinated debt aggregating to Rs.7500 crore of your company. The following ratings have been assigned by our Rating Committee:

| Instrument | Amount (Rs. crore) | Rating ¹ | Rating Action |
|--|--|--|---------------|
| Proposed Non-Convertible Debenture/ Subordinated Debt (Public Issue) | 7500 (Rs. Seven Thousand and Five Hundred Crore only) | CARE AAA; Stable (Triple A; Outlook Stable) | Assigned |

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is August 14, 2018).
4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.
5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

| Instrument type | ISIN | Issue Size (Rs cr) | Coupon Rate | Coupon Payment Dates | Terms of Redemption | Redemption date | Name and contact details of Debenture Trustee | Details of top 10 investors |
|-----------------|------|--------------------|-------------|----------------------|---------------------|-----------------|---|-----------------------------|
|-----------------|------|--------------------|-------------|----------------------|---------------------|-----------------|---|-----------------------------|

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
7. The rationale for the rating will be communicated to you separately.
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
10. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
11. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,



[Viraj Dhond]

Deputy Manager

viraj.dhond@careratings.com



[Ravi Kumar Dasari]

A.G.M

ravi.kumar@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Tata Capital Financial Services Limited

August 14, 2018

Ratings

| Instruments/facilities | Amount (Rs. crore) | Rating ¹ | Rating Action |
|---|--|---|---|
| Long-term Bank Facilities | 1,085 | CARE AAA; Stable (Triple A; Outlook: Stable) | Revised from CARE AA+; Positive (Double A Plus; Outlook: Positive) |
| Non-Convertible Debentures | 3,464 | CARE AAA; Stable (Triple A; Outlook: Stable) | Revised from CARE AA+; Positive (Double A Plus; Outlook: Positive) |
| Subordinated Debt | 2,000 | CARE AAA; Stable (Triple A; Outlook: Stable) | Revised from CARE AA+; Positive (Double A Plus; Outlook: Positive) |
| Perpetual Debt | 600 | CARE AA+; Stable (Double A Plus; Outlook: Stable) | Revised from CARE AA; Positive (Double A; Outlook: Positive) |
| Non-Convertible Debentures/Subordinated Debt (Public Issue) | 7500 | CARE AAA; Stable (Triple A; Outlook: Stable) | Assigned |
| Total Facilities | 14,649 (Rupees Fourteen Thousand Six Hundred And Forty Nine Crore only) | | |

Details of instruments/facilities in Annexure-1

CARE has rated the aforesaid Perpetual Debt after taking into consideration their increased sensitiveness to the Capital Adequacy Ratio (CAR), capital raising ability and profitability during the long tenure of the instruments. The rating factors in the additional risk arising due to the existence of the lock-in clause in the instruments. Any delay in payment of interest/principal (as the case may be) following invocation of the lock-in-clause, would constitute as an event of default as per CARE's definition of default and as such these instruments may exhibit a somewhat sharper migration of rating compared to other debt instruments.

Detailed Rationale & Key Rating Drivers

The revision in ratings reflects recent capital infusion by the ultimate parent, Tata Sons Limited into Tata Capital Limited and firm commitment for further capital infusion during FY19. TCL has further infused these funds as capital into its lending subsidiaries including TCFSL thereby strengthening their capitalization and supporting their growth. The ratings factor in the strength of the lending business housed under TCL and its subsidiaries' (including TCFSL, TCCL and TCHFL) characterized by sizeable loan portfolio with diversified mix of retail and wholesale book. The demonstrated capital support also highlights Tata Sons' stance towards growing the group's financial services businesses which are housed under TCL.

The ratings continue to factor in strong parentage (Tata Sons Ltd) and brand equity associated with the Tata Group, experienced management team and strong financial flexibility by virtue of being a part of Tata group. The ratings further take into account adequate capitalisation and relatively high gearing of the group's financial services business. The asset quality on an aggregate basis (including TCFSL, TCCL and TCHFL) has witnessed improvement in FY18 on the back of healthy asset quality of TCCL and TCHFL's book and improvement in asset quality of TCFSL's book. Further, the ratings also take into account the moderate profitability of the lending business on aggregate basis. Continued parentage and support from Tata group, capitalization, leverage, profitability and asset quality are the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Strong Parentage, Shared brand equity & Capital Support from Parent

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Tata Capital Limited (TCL) being subsidiary of Tata Sons Limited, shares the brand equity of the Tata group. Tata Sons Limited holds 93.22% stake in TCL as on March 31, 2018. TCL is the financial services arm of the Tata Group and helps the group in diversifying its business in financial services domain through its subsidiaries TCFSL, TCCL and TCHFL. The strength of the Tata group helps in mobilizing funds from various sources at cost effective rates. The rating also factors expected managerial and financial support from Tata Sons. During June-July'18, TCL received capital infusion of Rs.1,250 crore from the parent Tata Sons Limited with further commitment for equity infusion in FY19. TCL has infused funds as capital into its lending subsidiaries and any further infusion from Tata Sons is also likely to be utilized for the same. TCL and its subsidiaries also derive support from the Tata group as it sources some part of business from the 'Tata Ecosystem'.

Experienced management and board

TCL is currently headed by Mr. Rajiv Sabharwal, who is the MD & CEO of the company. Mr. Sabharwal has over 27 years of experience in the banking and financial services industry. TCFSL is currently headed by Mr. Kusal Roy, who is the Managing Director of the company. The management team of TCCL is led by Mr. Manish Chourasia (Managing Director) having more than 20 years of experience in debt origination, credit risk assessment and syndication. Mr. Anil Kaul is the Managing Director of TCHFL, he has over two decades experience in the financial services sector. Board of Directors of Tata Capital Group includes eminent individuals with wide experience in business, administration and financial services. The management team is well qualified and has experience in various businesses and functional areas for NBFCs/HFC.

Diversified resource profile and comfortable liquidity

The TCL's aggregate resource profile is well diversified with term loans from banks/NHB, preference shares, market borrowings in the form of NCDs, sub-debt, perpetual debt and CPs. Of the total borrowings as on March 31, 2018, bank borrowings (including term loans, outstanding CC and OD facility) constituted 27%, NCD (including subordinated debt & perpetual) 40%, commercial paper 19%, Term loan from NHB 10% and redeemable preference shares 4%. Also being part of the Tata group helps in mobilizing of funds on a cost effective basis.

Adequate capitalization

TCFSL's capitalization levels remain adequate with total CAR of at 16.68% (FY17: 16.07%) as on March 31, 2018.

TCCL reported comfortable CAR of 19.53% (FY17: 23.01%) as on March 31, 2018.

TCHFL also remained adequately capitalized with overall capital adequacy ratio of 17.22% (FY17: 16.01%) as on March 31, 2018.

Improved asset quality

The TCFSL reported GNPA and NNPA ratio (on 90 d-p-d) of 3.32% and 0.90% as on March 31, 2018 as against GNPA and NNPA ratio (on 120 d-p-d) of 4.94% and 1.22% as on March 31, 2017. The company's NNPA ratio reduced significantly on account of higher provision coverage over past few years.

TCCL did not report any NPAs as March 31, 2018.

TCHFL has moderate asset quality with GNPA and NNPA of 1.22% and 0.48% respectively as on March 31, 2018. On aggregate basis, TCL's GNPA and NNPA stood at 2.4% (PY: 3.4%) and 0.7% (PY: 0.9%), respectively as on March 31, 2018.

Diversified Portfolio mix

At TCL level, loan book is well diversified with retail proportion of 57% (P.Y: 55%) and wholesale proportion of 43% (P.Y: 45%) considering the loan book of all the three subsidiaries including TCFSL, TCCL and TCHFL. The overall lending book stood at Rs.60,497 crore as on March 31, 2018 with TCFSL around 60% of the loan book. TCHFL and TCCL have contributed around 35% and 5% of the total loan book respectively. TCFSL is a wholly owned subsidiary of TCL. TCFSL provides a wide spectrum of products in the retail and corporate finance segment. TCFSL faces some concentration risk on account of large ticket exposure in its corporate finance portfolio. Top 5 exposures as a percentage of outstanding portfolio and tangible net worth as on March 31, 2018 stood at 3.56% and 28.34%, respectively.

TCCL's total loan book stood at Rs.3,085 crore at the end of March 2018 and is made up of exposure to 80 project exposures. Top 5 exposures accounted for 41% of the total loan book and 189% of tangible net worth as on March 31, 2018. Top 10 exposures accounted for 65% of the total loan book and 300% of tangible net worth as on March 31, 2018.

As on March 31, 2018, TCHFL's portfolio is fairly diversified with home loan segment accounting 70% of portfolio followed by LAP 20% and builder loans 10%.

Key rating weaknesses**Moderate Profitability**

During FY18, TCFSL's outstanding net portfolio grew by 17% y-o-y and stood at Rs.36,319 crore. Profitability showed improvement in FY18 due to moderate operating expenses and lower provisioning/write off costs. Overall, the company reported PAT of Rs.483 crore in FY18 as against PAT of Rs.216 crore in FY17. As a result, TCFSL's ROTA improved to 1.35% in FY18 as compared to 0.69% in FY17. The Company's NIM improved during FY18 by 25 bps to 4.49% due to overall decline in borrowing cost.

TCCL's profitability has also improved over the years, albeit on a low base. During FY18, the company reported PAT of Rs.79 crore on total income of Rs.276 crore as against PAT of Rs.56 crore on total income of Rs.180 crore during FY17. The company reported RoTA of 3.09% in FY17 (FY17: 2.81%).

TCHFL reported PAT of Rs.214 crore on the total income of Rs.1984 crore in FY18 as compared to PAT of Rs.178 crore on the total income of Rs.1723 crore in FY17. TCHFL has average profitability with NIM and ROTA of 3.19% and 1.13% respectively.

Relatively high gearing of the lending entities housed under TCL

TCFSL has gearing of 6.93 times as on March'18 as compared to 7.90 times as on March'17. TCCL gearing stood at 3.56 times as on March'18 as compared to 2.35 times as on March'17. TCHFL has gearing of 10.59 times as on March'18 as compared to 11.40 times as March'18.

Financing renewable energy projects – a relatively new area of operations

TCCL commenced lending in FY14 into renewable energy segment. Financing of renewable energy projects is a relatively newer area for Tata group and the performance in this segment is yet to be seen.

Analytical approach: CARE has analyzed the aggregate financials of the three lending subsidiaries housed under TCL and the strong support from ultimate parent, Tata Sons Limited.

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Non-Banking Financial Companies](#)

[Financial ratios – Financial Sector](#)

[Factor Linkages in ratings](#)

[Policy on withdrawals of ratings](#)

About the Company

TCFSL is a wholly owned subsidiary of Tata Capital Limited (TCL) which in turn is a subsidiary of Tata Sons Limited (Tata Sons Limited holds a stake of 93.22% in TCL as on March 31, 2018). TCFSL is a systemically important non deposit taking Non-Banking Finance Company (NBFC). Net loan portfolio (including credit substitutes) of TCFSL stood at Rs.36,319 crore as on March 31, 2018. As on March 31, 2018, Retail loan book comprised 44% (P.Y.: 42%) of the total portfolio with the remaining 56% (P.Y.: 58%) made up of corporate loan portfolio. Retail portfolio is made up of personal loans, loan against property, business loans, consumer durable loans, auto loans and tractor loans. Corporate portfolio comprises term loans, loan against shares, supply chain financing, leasing, construction equipment financing and project financing. The company also provides credit cards (in partnership with SBI Cards and Payments Services Ltd.) and wealth management advisory services.

| Brief Financials (Rs. crore) – TCFSL Standalone | FY17 (Audited) | FY18 (Audited) |
|--|-----------------------|-----------------------|
| Total Income | 4192 | 4556 |
| PAT | 216 | 483 |
| Interest coverage (times) | 1.15 | 1.33 |
| Total Tangible Assets | 32676 | 38882 |
| Net NPA (%) | 1.22 | 0.90 |
| ROTA (%) | 0.69 | 1.35 |

Profile of Tata Capital Limited (TCL)

TCL is primarily a holding company, holding investments in its subsidiaries and other group companies and is the arm of Tata Group for financial services business. TCL is a subsidiary of Tata Sons Limited, which holds 93.22% in the company as on March 31, 2018. Tata Capital, through its subsidiaries, caters to the requirements of retail and corporate customers with different products and services. The lending portfolio of TCL grew by 21% in FY18 and stood at Rs.60,494 crore as on March 31, 2018 of which lending portfolio of Tata Capital Financial Services Limited (TCFSL) and Tata Capital Housing Finance Limited (TCHFL) accounted for 60% and 35%, respectively. The remaining 5% of the portfolio was accounted for by TCCL.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Rating assigned along with Rating Outlook |
|--|------------------|-------------|---------------|-----------------------------|---|
| Debentures-Non Convertible Debentures | 17-Aug-11 | 10.10% | 17-Aug-18 | 4 | CARE AAA;Stable |
| Debentures-Non Convertible Debentures | 23-Sep-11 | 10.15% | 23-Sep-18 | 10 | CARE AAA;Stable |
| Debentures-Non Convertible Debentures | 21-Oct-11 | 10.15% | 21-Oct-18 | 15 | CARE AAA;Stable |
| Debentures-Non Convertible Debentures | 20-Nov-14 | 9.36% | 20-Nov-24 | 95 | CARE AAA;Stable |
| Debentures-Non Convertible Debentures | 16-Dec-15 | 8.65% | 16-Dec-20 | 10 | CARE AAA;Stable |
| Debentures-Non Convertible Debentures | 8-Jan-16 | 8.65% | 8-Jan-19 | 25 | CARE AAA;Stable |
| Debentures-Non Convertible Debentures | 16-Mar-16 | 8.75% | 16-Mar-21 | 7 | CARE AAA;Stable |
| Debentures-Non Convertible Debentures | 21-Mar-16 | 8.80% | 19-Mar-21 | 10 | CARE AAA;Stable |
| Debentures-Non Convertible Debentures | 31-Mar-17 | 7.91% | 31-Mar-22 | 40 | CARE AAA;Stable |
| Debentures-Non Convertible Debentures | 22-Jan-18 | 8.25% | 20-Jan-23 | 48 | CARE AAA;Stable |
| Debentures-Non Convertible Debentures (Proposed) | - | - | - | 3200 | CARE AAA;Stable |
| Bonds-Subordinated | 4-Aug-09 | 10.50% | 4-Aug-19 | 39 | CARE AAA;Stable |
| Bonds-Subordinated | 9-Sep-09 | 10.25% | 9-Sep-19 | 170 | CARE AAA;Stable |
| Bonds-Subordinated | 28-Oct-09 | 10.25% | 28-Oct-19 | 74 | CARE AAA;Stable |

| | | | | | |
|---|-----------|--------|-----------|-------|-----------------|
| Bonds-Subordinated | 28-Oct-09 | 9.80% | 28-Oct-19 | 79 | CARE AAA;Stable |
| Bonds-Subordinated | 30-Nov-09 | ZCB | 30-Nov-19 | 57 | CARE AAA;Stable |
| Bonds-Subordinated | 15-Dec-09 | 10.25% | 15-Dec-19 | 286 | CARE AAA;Stable |
| Bonds-Subordinated | 18-Dec-09 | 9.80% | 18-Dec-19 | 150 | CARE AAA;Stable |
| Bonds-Subordinated | 24-Dec-09 | 9.95% | 24-Dec-19 | 50 | CARE AAA;Stable |
| Bonds-Subordinated | 26-Sep-14 | 10.15% | 26-Sep-24 | 100 | CARE AAA;Stable |
| Bonds-Subordinated | 7-Jan-15 | 9.35% | 7-Jan-25 | 35 | CARE AAA;Stable |
| Bonds-Subordinated | 30-Jan-15 | 9.32% | 30-Jan-25 | 75 | CARE AAA;Stable |
| Bonds-Subordinated | 31-Mar-15 | 9.37% | 31-Mar-25 | 200 | CARE AAA;Stable |
| Bonds-Subordinated | 22-Jul-15 | 9.25% | 22-Jul-25 | 90 | CARE AAA;Stable |
| Bonds-Subordinated | 30-Mar-16 | 9.17% | 30-Mar-26 | 200 | CARE AAA;Stable |
| Bonds-Subordinated | 11-Aug-16 | 8.92% | 11-Aug-26 | 200 | CARE AAA;Stable |
| Bonds-Subordinated | 26-Oct-16 | 8.45% | 26-Oct-26 | 15 | CARE AAA;Stable |
| Bonds-Subordinated (Proposed) | - | - | - | 180 | CARE AAA;Stable |
| Debt-Perpetual Debt | 15-Nov-10 | 10.00% | Perpetual | 0.75 | CARE AA+;Stable |
| Debt-Perpetual Debt | 14-Jan-11 | 10.00% | Perpetual | 0.9 | CARE AA+;Stable |
| Debt-Perpetual Debt | 5-May-11 | 10.00% | Perpetual | 1 | CARE AA+;Stable |
| Debt-Perpetual Debt | 8-Aug-11 | 11.25% | Perpetual | 3.05 | CARE AA+;Stable |
| Debt-Perpetual Debt | 28-Sep-11 | 10.75% | Perpetual | 0.5 | CARE AA+;Stable |
| Debt-Perpetual Debt | 7-Nov-11 | 10.75% | Perpetual | 0.25 | CARE AA+;Stable |
| Debt-Perpetual Debt | 27-Mar-14 | 10.95% | Perpetual | 93.55 | CARE AA+;Stable |
| Debt-Perpetual Debt | 16-Jul-15 | 9.99% | Perpetual | 100 | CARE AA+;Stable |
| Debt-Perpetual Debt | 6-Jan-16 | 9.86% | Perpetual | 50 | CARE AA+;Stable |
| Debt-Perpetual Debt | 2-Feb-16 | 9.86% | Perpetual | 50 | CARE AA+;Stable |
| Debt-Perpetual Debt | 9-Feb-16 | 9.86% | Perpetual | 100 | CARE AA+;Stable |
| Debt-Perpetual Debt | 23-Mar-16 | 9.80% | Perpetual | 100 | CARE AA+;Stable |
| Debt-Perpetual Debt | 30-Jun-16 | 9.80% | Perpetual | 50 | CARE AA+;Stable |
| Debt-Perpetual Debt | 13-Jan-17 | 9.00% | Perpetual | 10 | CARE AA+;Stable |
| Debt-Perpetual Debt | 8-Mar-17 | 9.05% | Perpetual | 40 | CARE AA+;Stable |
| LT-Bank Facility – CC | - | - | 1 year | 935 | CARE AAA;Stable |
| LT-Bank Facility (Proposed) | - | - | 1 year | 150 | CARE AAA;Stable |
| Debentures-Non Convertible Debentures /Subordinated Debt (Proposed) (Public Issue) | - | - | - | 7500 | CARE AAA;Stable |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|---|-----------------|--------------------------------|------------------|---|---|--|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 |
| 1. | Bonds-Subordinated | LT | 2000.00 | CARE AAA; Stable | 1)CARE AA+; Positive (3-Jul-18) | 1)CARE AA+; Stable (9-Oct-17) | 1)CARE AA+; Stable (26-Dec-16) 2)CARE AA+ (07-Nov-16) | 1)CARE AA+ (02-Nov-15) |
| 2. | Debentures-Non Convertible Debentures | LT | 3464.00 | CARE AAA; Stable | 1)CARE AA+; Positive (3-Jul-18) | 1)CARE AA+; Stable (9-Oct-17) | 1)CARE AA+; Stable (26-Dec-16) 2)CARE AA+ (07-Nov-16) | 1)CARE AA+ (02-Nov-15) |
| 3. | LT-Bank Facility | LT | 1085.00 | CARE AAA; Stable | 1)CARE AA+; Positive (3-Jul-18) | 1)CARE AA+; Stable (9-Oct-17) | 1)CARE AA+; Stable (26-Dec-16) 2)CARE AA+ (07-Nov-16) | 1)CARE AA+ (02-Nov-15) |
| 4 | Perpetual Debt | LT | 600 | CARE AA+; Stable | 1)CARE AA; Positive (3-Jul-18) | 1)CARE AA; Stable (9-Oct-17) | 1)CARE AA; Stable (26-Dec-16) 2)CARE AA+ (07-Nov-16) | 1)CARE AA (02-Nov-15) |
| 5 | Non-Convertible Debentures / Subordinated debt (Public Issue) | LT | 7500 | CARE AAA; Stable | - | - | - | - |

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**ANNEXURE C – ILLUSTRATION FOR GUIDANCE IN RESPECT OF THE DAY COUNT
CONVENTION AND EFFECT OF HOLIDAYS ON PAYMENTS**

Investors should note that the below examples are solely for illustrative purposes and is not specific to this Tranche II Issue.

Series I Tranche II Issue (For Category I & II Investors)

| | |
|---|---|
| Company | Tata Capital Financial Services Limited |
| Face Value per NCD (in Rs.) | 1,000.00 |
| Number of NCDs held (assumed) | 100 |
| Deemed date of allotment (assumed) | 29-Aug-19 |
| Tenor (in Years) | 3 |
| Interest/Coupon Rate for Investors | 8.35% |
| Frequency of Interest Payment | Annual |
| Redemption Date/Maturity Date (assumed) | Thursday August 29, 2022 |
| Day Count Convention | Actual/Actual |

| Cash Flows | Due Date | Actual Date of Payment | No. of Days in Coupon Period | Amount (Rs.) |
|-----------------------------------|--------------------------|------------------------|------------------------------|-----------------|
| | Thursday, 29/August/2019 | | | - 100,000.00 |
| 1st Coupon/ Interest Payment date | Saturday, 29/August/2020 | Monday, 31/August/2020 | 366 | 8,350.00 |
| 2nd Coupon/ Interest Payment date | Sunday, 29/August/2021 | Monday, 30/August/2021 | 365 | 8,350.00 |
| 3rd Coupon/ Interest Payment date | Monday, 29/August/2022 | Monday, 29/August/2022 | 365 | 8,350.00 |
| Redemption of Principal | Monday, 29/August/2022 | Monday, 29/August/2022 | | 100000.00 |

Series II Tranche II Issue (For Category III & IV Investors)

| | |
|---|---|
| Company | Tata Capital Financial Services Limited |
| Face Value per NCD (in Rs.) | 1,000.00 |
| Number of NCDs held (assumed) | 100 |
| Deemed date of allotment (assumed) | 29-Aug-19 |
| Tenor (in Years) | 3 |
| Interest/Coupon Rate for Investors | 8.45% |
| Frequency of Interest Payment | Annual |
| Redemption Date/Maturity Date (assumed) | Thursday August 29, 2022 |
| Day Count Convention | Actual/Actual |

| Cash Flows | Due Date | Actual Date of Payment | No. of Days in Coupon Period | Amount (Rs.) |
|-----------------------------------|--------------------------|------------------------|------------------------------|--------------|
| | Thursday, 29/August/2019 | | | - 100,000.00 |
| 1st Coupon/ Interest Payment date | Saturday, 29/August/2020 | Monday, 31/August/2020 | 366 | 8,450.00 |
| 2nd Coupon/ Interest Payment date | Sunday, 29/August/2021 | Monday, 30/August/2021 | 365 | 8,450.00 |
| 3rd Coupon/ Interest Payment date | Monday, 29/August/2022 | Monday, 29/August/2022 | 365 | 8,450.00 |
| Redemption of Principal | Monday, 29/August/2022 | Monday, 29/August/2022 | | 100000 |

Series III Tranche II Issue (For Category I & II Investors)

| | |
|---|---|
| Company | Tata Capital Financial Services Limited |
| Face Value per NCD (in Rs.) | 1,000.00 |
| Number of NCDs held (assumed) | 100 |
| Deemed date of allotment (assumed) | 29-Aug-19 |
| Tenor (in Years) | 5 |
| Interest/Coupon Rate for Investors | 8.40% |
| Frequency of Interest Payment | Annual |
| Redemption Date/Maturity Date (assumed) | Thursday, 29/August/2024 |
| Day Count Convention | Actual/Actual |

| Cash Flows | Due Date | Actual Date of Payment | No. of Days in Coupon Period | Amount (Rs.) |
|-----------------------------------|--------------------------|--------------------------|------------------------------|--------------|
| | Thursday, 29/August/2019 | | | - 100,000.00 |
| 1st Coupon/ Interest Payment date | Saturday, 29/August/2020 | Monday, 31/August/2020 | 366 | 8,400.00 |
| 2nd Coupon/ Interest Payment date | Sunday, 29/August/2021 | Monday, 30/August/2021 | 365 | 8,400.00 |
| 3rd Coupon/ Interest Payment date | Monday, 29/August/2022 | Monday, 29/August/2022 | 365 | 8,400.00 |
| 4th Coupon/ Interest Payment date | Tuesday, 29/August/2023 | Tuesday, 29/August/2023 | 365 | 8,400.00 |
| 5th Coupon/ Interest Payment date | Thursday, 29/August/2024 | Thursday, 29/August/2024 | 366 | 8,400.00 |
| Redemption of Principal | Thursday, 29/August/2024 | Thursday, 29/August/2024 | | 100000 |

Series IV Tranche II Issue (For Category III & IV Investors)

| | |
|---|---|
| Company | Tata Capital Financial Services Limited |
| Face Value per NCD (in Rs.) | 1,000.00 |
| Number of NCDs held (assumed) | 100 |
| Deemed date of allotment (assumed) | 29-Aug-19 |
| Tenor (in Years) | 5 |
| Interest/Coupon Rate for Investors | 8.50% |
| Frequency of Interest Payment | Annual |
| Redemption Date/Maturity Date (assumed) | Thursday, 29/August/2024 |
| Day Count Convention | Actual/Actual |

| Cash Flows | Due Date | Actual Date of Payment | No. of Days in Coupon Period | Amount (Rs.) |
|-----------------------------------|--------------------------|--------------------------|------------------------------|--------------|
| | Thursday, 29/August/2019 | | | - 100,000.00 |
| 1st Coupon/ Interest Payment date | Saturday, 29/August/2020 | Monday, 31/August/2020 | 366 | 8,500.00 |
| 2nd Coupon/ Interest Payment date | Sunday, 29/August/2021 | Monday, 30/August/2021 | 365 | 8,500.00 |
| 3rd Coupon/ Interest Payment date | Monday, 29/August/2022 | Monday, 29/August/2022 | 365 | 8,500.00 |
| 4th Coupon/ Interest Payment date | Tuesday, 29/August/2023 | Tuesday, 29/August/2023 | 365 | 8,500.00 |
| 5th Coupon/ Interest Payment date | Thursday, 29/August/2024 | Thursday, 29/August/2024 | 366 | 8,500.00 |
| Redemption of Principal | Thursday, 29/August/2024 | Thursday, 29/August/2024 | | 100000 |

Series V Tranche II Issue (For Category I & II Investors)

| | |
|---|---|
| Company | Tata Capital Financial Services Limited |
| Face Value per NCD (in Rs.) | 1,000.00 |
| Number of NCDs held (assumed) | 100 |
| Deemed date of allotment (assumed) | 29-Aug-19 |
| Tenor (in Years) | 8 |
| Interest/Coupon Rate for Investors | 8.55% |
| Frequency of Interest Payment | Annual |
| Redemption Date/Maturity Date (assumed) | Friday, 27/August/2027 |
| Day Count Convention | Actual/Actual |

| Cash Flows | Due Date | Actual Date of Payment | No. of Days in Coupon Period | Amount (Rs.) |
|-----------------------------------|--------------------------|--------------------------|------------------------------|--------------|
| | Thursday, 29/August/2019 | | | - 100,000.00 |
| 1st Coupon/ Interest Payment date | Saturday, 29/August/2020 | Monday, 31/August/2020 | 366 | 8,550.00 |
| 2nd Coupon/ Interest Payment date | Sunday, 29/August/2021 | Monday, 30/August/2021 | 365 | 8,550.00 |
| 3rd Coupon/ Interest Payment date | Monday, 29/August/2022 | Monday, 29/August/2022 | 365 | 8,550.00 |
| 4th Coupon/ Interest Payment date | Tuesday, 29/August/2023 | Tuesday, 29/August/2023 | 365 | 8,550.00 |
| 5th Coupon/ Interest Payment date | Thursday, 29/August/2024 | Thursday, 29/August/2024 | 366 | 8,550.00 |
| 6th Coupon/ Interest Payment date | Friday, 29/August/2025 | Friday, 29/August/2025 | 365 | 8,550.00 |
| 7th Coupon/ Interest Payment date | Saturday, 29/August/2026 | Monday, 31/August/2026 | 365 | 8,550.00 |
| 8th Coupon/ Interest Payment date | Sunday, 29/August/2027 | Friday, 27/August/2027 | 365 | 8,550.00 |
| Redemption of Principal | Sunday, 29/August/2027 | | | 100000 |

Series VI Tranche II Issue (For Category III & IV Investors)

| | |
|---|---|
| Company | Tata Capital Financial Services Limited |
| Face Value per NCD (in Rs.) | 1,000.00 |
| Number of NCDs held (assumed) | 100 |
| Deemed date of allotment (assumed) | 29-Aug-19 |
| Tenor (in Years) | 8 |
| Interest/Coupon Rate for Investors | 8.65% |
| Frequency of Interest Payment | Annual |
| Redemption Date/Maturity Date (assumed) | Sunday, 29/August/2027 |
| Day Count Convention | Actual/Actual |

| Cash Flows | Due Date | Actual Date of Payment | No. of Days in Coupon Period | Amount (Rs.) |
|-----------------------------------|--------------------------|-------------------------|------------------------------|--------------|
| | Thursday, 29/August/2019 | | | - 100,000.00 |
| 1st Coupon/ Interest Payment date | Saturday, 29/August/2020 | Monday, 31/August/2020 | 366 | 8,650.00 |
| 2nd Coupon/ Interest Payment date | Sunday, 29/August/2021 | Monday, 30/August/2021 | 365 | 8,650.00 |
| 3rd Coupon/ Interest Payment date | Monday, 29/August/2022 | Monday, 29/August/2022 | 365 | 8,650.00 |
| 4th Coupon/ Interest Payment date | Tuesday, 29/August/2023 | Tuesday, 29/August/2023 | 365 | 8,650.00 |
| 5th Coupon/ Interest Payment | Thursday, | Thursday, | 366 | 8,650.00 |

| | | | | |
|-----------------------------------|--------------------------|------------------------|-----|-----------|
| date | 29/August/2024 | 29/August/2024 | | |
| 6th Coupon/ Interest Payment date | Friday, 29/August/2025 | Friday, 29/August/2025 | 365 | 8,650.00 |
| 7th Coupon/ Interest Payment date | Saturday, 29/August/2026 | Monday, 31/August/2026 | 365 | 8,650.00 |
| 8th Coupon/ Interest Payment date | Sunday, 29/August/2027 | Friday, 27/August/2027 | 365 | 8,650.00 |
| Redemption of Principal | Sunday, 29/August/2027 | | | 100000.00 |

Series VII Tranche II Issue (For Category I & II Investors)

| | |
|---|---|
| Company | Tata Capital Financial Services Limited |
| Face Value per NCD (in Rs.) | 1,000.00 |
| Number of NCDs held (assumed) | 100 |
| Deemed date of allotment (assumed) | 29-Aug-19 |
| Tenor (in Years) | 10 |
| Interest/Coupon Rate for Investors | 8.75% |
| Frequency of Interest Payment | Annual |
| Redemption Date/Maturity Date (assumed) | Wednesday, 29/August/2029 |
| Day Count Convention | Actual/Actual |

| Cash Flows | Due Date | Actual Date of Payment | No. of Days in Coupon Period | Amount (Rs.) |
|------------------------------------|---------------------------|---------------------------|------------------------------|-----------------|
| | Thursday, 29/August/2019 | | | - 100,000.00 |
| 1st Coupon/ Interest Payment date | Saturday, 29/August/2020 | Monday, 31/August/2020 | 366 | 8,750.00 |
| 2nd Coupon/ Interest Payment date | Sunday, 29/August/2021 | Monday, 30/August/2021 | 365 | 8,750.00 |
| 3rd Coupon/ Interest Payment date | Monday, 29/August/2022 | Monday, 29/August/2022 | 365 | 8,750.00 |
| 4th Coupon/ Interest Payment date | Tuesday, 29/August/2023 | Tuesday, 29/August/2023 | 365 | 8,750.00 |
| 5th Coupon/ Interest Payment date | Thursday, 29/August/2024 | Thursday, 29/August/2024 | 366 | 8,750.00 |
| 6th Coupon/ Interest Payment date | Friday, 29/August/2025 | Friday, 29/August/2025 | 365 | 8,750.00 |
| 7th Coupon/ Interest Payment date | Saturday, 29/August/2026 | Monday, 31/August/2026 | 365 | 8,750.00 |
| 8th Coupon/ Interest Payment date | Sunday, 29/August/2027 | Monday, 30/August/2027 | 365 | 8,750.00 |
| 9th Coupon/ Interest Payment date | Tuesday, 29/August/2028 | Tuesday, 29/August/2028 | 366 | 8,750.00 |
| 10th Coupon/ Interest Payment date | Wednesday, 29/August/2029 | Wednesday, 29/August/2029 | 365 | 8,750.00 |
| Redemption of Principal | Wednesday, 29/August/2029 | | | 100,000.00 |

Series VIII Tranche II Issue (For Category III & IV Investors)

| | |
|---|---|
| Company | Tata Capital Financial Services Limited |
| Face Value per NCD (in Rs.) | 1,000.00 |
| Number of NCDs held (assumed) | 100 |
| Deemed date of allotment (assumed) | 29-Aug-19 |
| Tenor (in Years) | 10 |
| Interest/Coupon Rate for Investors | 8.85% |
| Frequency of Interest Payment | Annual |
| Redemption Date/Maturity Date (assumed) | Wednesday, 29/August/2029 |
| Day Count Convention | Actual/Actual |

| Cash Flows | Due Date | Actual Date of Payment | No. of Days in Coupon Period | Amount (Rs.) |
|------------------------------------|---------------------------|---------------------------|------------------------------|-----------------|
| | Thursday, 29/August/2019 | | | - 100,000.00 |
| 1st Coupon/ Interest Payment date | Saturday, 29/August/2020 | Monday, 31/August/2020 | 366 | 8,850.00 |
| 2nd Coupon/ Interest Payment date | Sunday, 29/August/2021 | Monday, 30/August/2021 | 365 | 8,850.00 |
| 3rd Coupon/ Interest Payment date | Monday, 29/August/2022 | Monday, 29/August/2022 | 365 | 8,850.00 |
| 4th Coupon/ Interest Payment date | Tuesday, 29/August/2023 | Tuesday, 29/August/2023 | 365 | 8,850.00 |
| 5th Coupon/ Interest Payment date | Thursday, 29/August/2024 | Thursday, 29/August/2024 | 366 | 8,850.00 |
| 6th Coupon/ Interest Payment date | Friday, 29/August/2025 | Friday, 29/August/2025 | 365 | 8,850.00 |
| 7th Coupon/ Interest Payment date | Saturday, 29/August/2026 | Monday, 31/August/2026 | 365 | 8,850.00 |
| 8th Coupon/ Interest Payment date | Sunday, 29/August/2027 | Monday, 30/August/2027 | 365 | 8,850.00 |
| 9th Coupon/ Interest Payment date | Tuesday, 29/August/2028 | Tuesday, 29/August/2028 | 366 | 8,850.00 |
| 10th Coupon/ Interest Payment date | Wednesday, 29/August/2029 | Wednesday, 29/August/2029 | 365 | 8,850.00 |
| Redemption of Principal | Wednesday, 29/August/2029 | | | 100,000.00 |

Assumptions:

1. The Deemed Date of Allotment is assumed to be August 23, 2019. If the Deemed Date of Allotment undergoes a change, the coupon payments dates, redemption dates, redemption amount and other cash flow working shall be changed accordingly.
2. Interest payable during the Financial Year 2020, 2024 and 2028, being leap years, have been calculated for 366 days.
3. In the event, the interest / pay-out of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is Rs.820.08, then the amount shall be rounded off to Rs.820.00.

4. However, this rounding off to nearest integer at the time of payment of interest and/or redemption amount will be done per debenture holder.

Note:

The Coupon/ Interest Payments are rounded-off to nearest rupee as per FIMMDA 'Handbook on market practices.