

**TATA CAPITAL FINANCIAL SERVICES LIMITED**  
**ANNUAL REPORT 2015-16**

## DIRECTORS' REPORT

### TO THE MEMBERS OF TATA CAPITAL FINANCIAL SERVICES LIMITED

The Directors have pleasure in presenting the Sixth Annual Report and the Audited Financial Statements of the Company for the Financial Year ("FY") ended March 31, 2016.

#### 1. BACKGROUND

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

TCFSL is headquartered in Mumbai and has a wide network of 99 offices across India.

#### 2. INDUSTRY AND ECONOMIC SCENARIO

The Indian economy has weathered many challenges successfully in recent times. Markets are optimistic, as a result of various policy measures announced or taken by the Government. The key policy changes include liberalization of foreign direct investment and a large array of investment facilitation measures. However, some large-ticket changes such as modified labour laws, simplified land acquisition rules and nationwide Goods and Services Tax are still not in place.

Due to the sluggish global growth, especially in China, commodity prices have remained low, inflation has moderated and low crude prices have supported the Government's current account deficit commitment. A relatively stable rupee and rising foreign exchange reserves, are key indicators of an improved and stable macro-economic environment. The slowing global economy is not all positive for India, exports have suffered and domestic growth will be critical in FY 2016 -17.

In FY 2015-16, the Government focused on its theme "Transform India". The Budget for FY 2016-17 preferred fiscal prudence and stability over growth. The priorities of the Government were to provide additional resources for the vulnerable sections of society, to rural areas and for creating social and physical infrastructure. The Government encouraged private and public spending, but private investment is not likely to recover in FY 2016-17 as there is significant unutilized capacity and private sector Balance Sheets are stretched. By maintaining fiscal deficit at 3.5%, the Government has precluded the possibility of any direct fiscal stimulus. The positive effect of the Government's fiscal discipline is that it has created conditions for the Reserve Bank of India ("RBI") to cut rates, thereby indirectly benefiting the economy by bringing down the cost of borrowing for both the Government and the private sector. The RBI started cutting rates in FY 2015-16, the transmission of which is likely to happen in FY 2016-17.

The banking system in India saw a major shift with the RBI ending forbearance in April 2015 and, through the Asset Quality Review process, ensuring that banks were taking proactive steps to clean up their Balance Sheets by March 2017. In all adversity, there is opportunity and as a result of the stressed bank Balance Sheets, the NBFC sector has a significant opportunity to grow. NBFCs do not have the NPA problem of the magnitude of that of the banks and are already operating under strict regulatory supervision. The NBFC sector is likely to report higher NPAs in the initial period as it moves to the 90+ recognition norm, but the sector as a whole will emerge stronger after the implementation of these initiatives. Additionally, SARFAESI cover and a new bankruptcy code would make collections through the judicial system much simpler.

A normal monsoon and further rate cuts by RBI are expected to facilitate rural and urban consumption. The year ahead will be challenging on many fronts, credit quality and shifts in operating model, to name a couple. Accepted norms and rules of doing business are likely to be rewritten with digital innovation, increased use of technology in financial services and payment and small banks coming on stream. Each individually, and all of them collectively, have the ability to change the face of the financial services sector. The NBFC sector appears to be best placed to take advantage and succeed in this changing environment.

### 3. FINANCIAL RESULTS

3.1. The performance of the Company for the Financial Year ended March 31, 2016 is, summarized below:

(₹ in crore)

Particulars	FY 2015-16	FY 2014-15
Gross Income	3,471	3,065
Less:		
Finance Costs	1,941	1,819
Establishment, Administrative and Other Expenses	1,017	890
Amortisation of expenses	5	11
Depreciation	118	95
<b>Profit Before Tax</b>	<b>390</b>	<b>250</b>
Less: Provision for Tax	125	63
<b>Profit After Tax</b>	<b>266</b>	<b>187</b>
Amount brought forward from previous year	231	174
Amount available for appropriation	496	362
Appropriations:		
Special Reserve Account	53	38
Debenture Redemption Reserve	–	–
Interim Dividend on Equity Shares	97	78
Interim Dividend on Preference Shares	2	–
Dividend Distribution Tax	20	16
<b>Surplus carried to Balance Sheet</b>	<b>324</b>	<b>231</b>

- 3.2. The Company's book size increased by ₹ 5,053 crore from ₹ 24,603 crore in FY 2014-15 to ₹ 29,656 crore in FY 2015-16. Gross Income increased from ₹ 3,065 crore in FY 2014-15 to ₹ 3,471 crore in FY 2015-16, recording an increase of about 13%. The Company's Profit Before Tax was ₹ 390 crore (FY 2014-15: ₹ 250 crore) and the Profit After Tax increased by about 42% to ₹ 266 crore (FY 2014-15: ₹ 187 crore). The credit cost (including Standard Asset Provision) stood at ₹ 358 crore (FY 2014-15: ₹ 406 crore).
- 3.3. In FY 2015-16, the Gross and Net NPAs decreased to 5.3% and 3.1% as compared to 5.7% and 3.8%, respectively, in FY 2014-15. The decrease in NPAs was mainly on account of an efficient collection mechanism and increase in book size. In the year ended March 31, 2016, the Company had a Fee to Income Ratio of 18% (FY 2014-15: 21%) and Cost to Income Ratio of 49% (FY 2014-15: 48%). The Return on Asset and Return on Equity ratio as at March 31, 2016 were at 1.1% and 7.8%, as against 0.9% and 5.7%, respectively, as at March 31, 2015. The Provision coverage ratio increased from 35.1% in FY 2014-15 to 42.6% in FY 2015-16. The Net Interest Margin increased by 32% and stood at ₹ 1,136 crore (FY 2014-15: ₹ 859 crore).
- 3.4. During FY 2015-16, no amount was transferred to the Company's Debenture Redemption Reserve ("DRR") since, as at March 31, 2016, the DRR balance stood at ₹ 300 crore, which is in excess of the limits prescribed under the Companies Act, 2013 ("Act"), for maintaining DRR by NBFCs on its debentures issued to the Public.
- 3.5. Pursuant to RBI's Master Circular No. DNBR (PD) CC. No.044/03.10.119/2015-16 dated July 1, 2015 on Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, a provision at the rate of 0.30% on standard assets amounting to ₹ 24.7 crore was made in FY 2015-16 as against 0.25% and ₹ 4.6 crore, respectively, in FY 2014-15.
- 3.6. As required under Section 45IC of the Reserve Bank of India Act, 1934, 20% of the profits are required to be transferred to a Special Reserve Account. On a conservative basis, an amount of ₹ 53.2 crore (FY 2014-15: ₹ 37.8 crore), being in excess of 20% of the profits, has been transferred to said Reserve. An amount of ₹ 323.8 crore has been carried to the Balance Sheet as Surplus.

### 4. SHARE CAPITAL

The paid-up Equity Share Capital of the Company as on March 31, 2016, was ₹ 1,297.55 crore, which was entirely held by TCL.

During FY 2015-16, the Company successfully raised funds by issuing Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of ₹10 each carrying a dividend rate of 9% p.a., aggregating ₹ 160 crore, on a rights basis to TCL. As a consequence of the aforesaid issuance, the paid up Preference Share Capital of the Company stood at ₹ 160 crore, as on March 31, 2016.

During FY 2015-16, the Authorised Share Capital of the Company increased from ₹ 2,500 crore to ₹ 3,500 crore.

## 5. DIVIDEND

At the Meeting of the Board of Directors held on March 26, 2016, the Directors approved of the payment of Interim Dividend for FY 2015-16, as under:

- (i) At the rate of Rs 0.75 per Equity Share (FY 2014-15: ₹ 0.60 per Equity Share), aggregating ₹ 97.32 crore (FY 2014-15: ₹ 77.85 crore) and
- (ii) At the rate of 9% i.e. 0.90 per share on 16,00,00,000 CCCPS (on a pro – rata basis from the date of allotment till March 31, 2016) aggregating ₹ 1.87 crore.

The dividend distribution tax on the above dividend payments was ₹ 20.19 crore (FY 2014-15: ₹ 15.57 crore). The Directors do not recommend payment of any final dividend on the Equity Shares for FY 2015-16. Further, since the Company has paid the Dividend on its Preference Share Capital for FY 2015-16 by way of an Interim Dividend, the Directors do not recommend any final dividend on the Preference Shares.

## 6. REVIEW OF OPERATIONS OF THE COMPANY

### 6.1. Corporate Finance Division

The Corporate Finance Division (“CFD”) has three broad business segments viz. Commercial Finance, Infrastructure Finance and Leasing Finance. The Closing Book of CFD stood at ₹ 17,885 crore (FY 2014-15: ₹ 15,424 crore), comprising Commercial Finance: ₹ 13,173 crore (73.65%), Infrastructure Finance (Including Remedial): ₹ 3,983 crore (22.27%) and Leasing Finance: ₹ 730 crore (4.08%).

#### 6.1.1 Commercial Finance:

The Commercial Finance segment specializes in product offerings ranging from vanilla term loans, working capital term loans, channel finance, bill discounting, equipment financing, lease rental discounting, promoter finance and complex structured products. This segment serves over 1,800 customers through its business verticals viz. large corporate, mid-size corporate and Government business. All the verticals are supported by the respective product teams which help these verticals in extending the right product mix for the customer. Further, a Syndication and Structured finance team supports all the business verticals with special focus on debt syndications, down selling and complex structured transactions.

The Commercial Finance segment ended the year under review with a book of ₹ 13,173 crore as compared to ₹ 10,646 crore at the end of FY 2014-15. Gross Income grew by 14.8% to ₹ 1,275 crore in FY 2015-16 from ₹ 1,111 crore in FY 2014-15. This segment has disbursed loans of ₹ 41,307 crore during FY 2015-16 through its diverse, customer centric product offerings and earned total Net Interest Income and Fee income of ₹ 463 crore as against ₹ 362 crore in FY 2014-15, an increase of 27.9%.

During FY 2015-16, the Construction Equipment Finance division continued to be amongst the top five players in the industry. This segment ended FY 2015-16 with a book of ₹ 2,178 crore (FY 2014-15: ₹ 2,168 crore) and disbursed loans of ₹ 1,471 crore in FY 2015-16 (FY 2014-15: ₹ 1,115 crore).

The Commercial Finance Business is committed to being a complete financial solutions partner to its corporate clients, through high quality service levels and innovative products which provide value to its customers. Keeping the customer at the core of its strategy, this segment is planning to grow its portfolio while improving asset quality.

#### 6.1.2 Infrastructure Finance:

The Infrastructure Finance segment had three main verticals viz. Construction Equipment Finance (“CEQ”), Project Finance and Equipment Rental. During the year, the Infrastructure Finance business was reorganized and consequently, CEQ and Equipment Rental Business became part of Commercial Finance. This was done in order to bring synergies with the customers of Commercial Finance Business. The Project Finance portfolio of the erstwhile Infrastructure Finance Division was placed under the Remedial group, which was formed on April 1, 2015. During the year, the Remedial group was renamed as the ‘Special Assets Management Group’ (“SAMG”). SAMG managed a portfolio of ₹ 2,156 crore as at April 1, 2015 which reduced to ₹ 1,680 crore as at March 31, 2016.

The key objectives of SAMG are, as under:

- Primary responsibility of identifying, quantifying and minimizing the loss that could be incurred on impaired assets, with focus on reduction in impaired asset portfolio through proactive asset management, legal actions, disposals, debt re-structuring and portfolio monitoring, on an ongoing basis;
- Work out settlement proposals in such a way that the loss is minimized;
- Identify/initiate dialogue with various special situation funds/NBFCs/lenders for takeover of TCFSL debt;
- Be ready for sale of asset to Asset Reconstruction Companies/enforcing security as soon as SARFAESI notification is issued; and
- Develop expertise to acquire stress portfolio from other Banks/NBFCs and undertake fee based stress advisory mandates.

During the year, a cash recovery of approximately ₹ 450 crore was made from this portfolio.

#### 6.1.3. Leasing:

Leasing Business continued to grow its book without any deterioration in the quality of the book in both primary and secondary leases. As on March 31, 2016, the outstanding book was approximately ₹ 750 crore, comprising a healthy mix of Capital Goods, Information Technology, Auto and Office Equipments leased to corporate entities. Operating leases constitute nearly 71% of the equipment provided on lease.

The Leasing business vertical aspires to become the market leader in leasing of capital goods with thrust on mid and emerging corporates and will focus on Scale and Services. The Leasing segment shall expand its market reach and look for portfolio buy-out opportunities for scale, while on services, it shall channelize tools and systems for delivering superior customer promise.

## 6.2. Consumer Finance

The Company offers, through its Consumer Finance and Advisory Business ("CFAB"), a wide range of consumer loans such as Auto Loans (Car and Two Wheeler), Commercial Vehicle Loans, Business Loans, Personal Loans, Consumer Durables Loans, Loans against Property and Loans against Securities. Disbursements in FY 2015-16 aggregated ₹ 6,784 crore as compared to ₹ 4,917 crore in FY 2014-15, representing an increase of about 38%. Gross Income grew by 31.3% to ₹ 1,175 crore in FY 2015-16 from ₹ 971 crore in FY 2014-15.

Disbursement of Loans against Property increased substantially from ₹ 1,217 crore in FY 2014-15 to ₹ 2,412 crore in FY 2015-16, representing a growth of 98% over the previous year. Auto Loans disbursements of ₹ 1,842 crore in FY 2015-16 (FY 2014-15: ₹ 1,944 crore) constituted 27% of the overall CFAB disbursements for the year. The change in the disbursement mix, with a focus on high margin products, gained strength in FY 2015-16, resulting in the disbursements of high margin products increasing from 59% in FY 2014-15 to 77% in FY 2015-16.

CFAB continued its focus on margin expansion. Net Interest Margin ("NIM") increased from 5.8% in FY 2014-15 to 6.1% in FY 2015-16. Gross Interest Income grew by 29.8% to ₹ 1,162 crore in FY 2015-16 from ₹ 895 crore in FY 2014-15. Continued focus on leveraging the Tata Eco System has resulted in disbursement growth increasing from ₹ 83 crore in FY 2014-15 to ₹ 141 crore in FY 2015-16.

CFAB's closing book of ₹ 9,806 crore (FY 2014-15: ₹ 7,306 crore) comprised Auto Loans of ₹ 3,308 crore (34%), Business Loans and Personal Loans of ₹ 2,354 crore (24%) and Loans against Property of ₹ 3,836 crore (39%), the balance being other retail loans. Loans against Property grew by 63% and Personal Loans & Business Loans by 52% in FY 2015-16, as compared to the previous year. These products have attained a strong market position in key high growth markets like Delhi NCR, Mumbai, Bengaluru and Hyderabad.

Going forward, CFAB plans to grow its business through continued focus on high NIM products, balancing its product mix, ramping up fee based income, cross selling, optimizing operating costs and improving collection efficiency for further enhancing its profitability. CFAB also plans to leverage analytics capabilities to mine opportunities in the market and to offer unique products and solutions for new as well as existing customers.

### **6.3. Rural Finance**

The rural economy was soft in FY 2015-16 because of successive droughts, crop failures and soft crop prices, resulting in a de-growth in the tractor industry. However, the Gross Income registered an increase of 30% to ₹ 235 crore from ₹ 181 crore in FY 2014-15. The Rural Finance business disbursed loans of ₹ 713 crore in FY 2015-16, resulting in an increase of Total Advances to ₹ 1,433 crore, up 20% compared to ₹ 1,194 crore in FY 2014-15. Though the industry was soft, the business managed to gain market share in North India, during FY 2015-16. The division also expanded its operations into the agri-allied vertical which provides value chain funding. The business also embarked on several initiatives on the Collections, IT, Credit underwriting front, with the perspective of enhancing Collections efficiency and quality of the book. Currently, the business operates out of 40 branches and 299 locations across 13 states in India.

### **6.4. Tata Cards**

Tata Cards is a white label credit card, launched in partnership with SBI Cards and Payments Services Limited. The business has recorded total spends of ₹ 1,275 crore for the year, which reflects an increase of 17% over FY 2014-15. Multiple portfolio actions have been undertaken during the year, along with a focus on e-commerce spends, a high growth area. E-commerce spends aggregated ₹ 400 crore in FY 2015-16 as compared to ₹ 275 crore in FY 2014-15, representing a growth of 45%.

As of March 31, 2016, the Cards business has approximately 1.60 lakh cards in force, up from 1.47 lakh customers as of March 31, 2015 and is in the seventh year of operations at Tata Capital. Since its purchase from Tata Sons Limited, the business has grown considerably in distribution and profitability.

Tata Cards are fully compliant on issuance of chip and pin cards, in line with the RBI requirements. The business has enhanced engagement through customer centric programs, which offer convenient payment options in the form of EMIs.

## **7. OVERVIEW OF SUBSIDIARIES AND ASSOCIATES**

As on March 31, 2016, the Company did not have any subsidiary company and had one associate, International Asset Reconstruction Company Private Limited ("IARC").

IARC is registered with RBI under Section 3 of the SARFAESI Act, 2002, as a Securitisation and Reconstruction company. IARC was promoted in 2002 by professionals from the banking and financial services sector, for reconstruction of financial assets. TCFSL holds a 25.37% equity stake in IARC, which involved an investment of ₹ 33.13 crore.

In FY 2015-16, IARC recorded a Total Income of ₹ 31.83 crore (FY 2014-15: ₹ 33.50 crore) and Profit After Tax of ₹ 4.59 crore (FY 2014-15: ₹ 4.40 crore). As on March 31, 2016, IARC's paid-up equity share capital was ₹ 55 crore and Net Worth was ₹ 125 crore.

## **8. FINANCE**

During FY 2015-16, the Company met its funding requirements through a combination of short term debt (comprising Commercial Papers, ICDs and Bank Loans) and long term debt (comprising Non-Convertible Debentures ("NCDs") and Bank Loans). During FY 2015-16, the Company issued Unsecured Debentures by way of perpetual debt of ₹ 400 crore, Unsecured Debentures by way of Subordinated Debt of ₹ 290 crore, Unsecured Debentures through private placements of ₹ 500 crore and Secured Redeemable NCDs aggregating ₹ 4,738.20 crore (face value) through private placements.

The aggregate debt outstanding as at March 31, 2016 was ₹ 25,385.7 crore (of which, ₹ 13,530.9 crore was payable within one year).

The Debt/Equity ratio as on March 31, 2016 was 7.55 times.

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



## 9. CREDIT RATING

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

RATING AGENCY	RATING	NATURE OF SECURITIES
ICRA	ICRA A1+ (Short Term)	Commercial Paper and Bank Loans
ICRA	ICRA AA+ (Long Term)	Secured NCDs on a private placement basis, Secured NCDs issued to Public, NCDs by way of Subordinated Debt and Bank Loan
ICRA	ICRA AA	Unsecured NCDs by way of Perpetual Debt
CARE	CARE AA+	Secured NCDs on a private placement basis, Secured NCDs issued to Public and NCDs by way of Subordinated Debt
CARE	CARE AA	Unsecured NCDs by way of Perpetual Debt
CRISIL	CRISIL AA+	Secured NCDs on private placement basis and Unsecured NCDs on private placement basis
CRISIL	CRISIL AA-	Unsecured NCDs by way of Perpetual Debt

## 10. RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy. The Risk Management oversight structure includes Committees of the Board and Senior Management Committees. The Risk Management process is governed by the Comprehensive Enterprise Risk Management Framework which lays down guidelines for Risk identification, assessment and monitoring as an ongoing process that is supported by a robust risk reporting framework. Risk Management at TCFSL covers Credit Risk, Market Risk, Operational Risk, Fraud Risk and Other Risks.

The Risk Management Committee of the Board assists the Board in its oversight of various risks mentioned above. The Risk Management Committee reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyzes risk exposures related to specific issues and provides oversight of risk across the organization.

The Credit Risk management structure includes separate credit policies and procedures for various businesses. The risk policies define prudential limits, portfolio criteria, exceptional approval metrics, etc. and cover risk assessment for new product offerings. Concentration Risk is managed by analysing counter-party, industry sector, geographical region, single borrower and borrower group. While Credit Committees approve counter-party credit exposure in line with the Delegation of Power and Authority assigned by the Board of Directors, the Credit Monitoring Committee primarily focuses on post sanction monitoring. Retail Finance credit approval is based on product / programs and monitoring is primarily done at the portfolio level across products and programs. Periodic stress tests of the credit portfolio are conducted and a Risk Mitigation Plan based on the analysis has been implemented.

The management of Liquidity (Asset Liability and Interest Rate) and Market Risk is carried out using quantitative techniques such as sensitivity and stress testing. The Finance and Asset Liability Supervisory Committee reviews liquidity risk and the interest rate risk profile of the organization on a regular basis.

The Company has a Board approved Operational Risk Management framework. Ongoing monitoring of Key Risk Indicators ("KRI") is done by a dedicated Operational Risk Management team. Causal analysis is carried out and corrective actions are implemented on KRI exceptions. A Senior Management oversight committee i.e. the Operational Risk Management Committee ("ORMC") meets periodically to review the operational risk profile of the organization.

Risks associated with frauds are mitigated through a Fraud Risk Management framework.

A Fraud Risk Management Committee ("FRMC") comprising Senior Management representatives reviews matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

## 11. INTERNAL CONTROL SYSTEMS

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

The Company's internal control system is commensurate with the size, nature and operations of the Company.

## 12. INTERNAL FINANCIAL CONTROLS

The Management had appointed an external consultant and formed a Cross Functional Team (“CFT”) comprising Operating Managers, Internal Audit, Risk and Statutory Auditors to document and evaluate the design, adequacy and operating effectiveness of the Internal Financial Controls of the Company, broadly in accordance with the criteria established under the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Entity Level Control framework document based on COSO 2013 framework has been documented. The documentation of process maps, key controls, standard operating procedures (“SOP”) and risk registers has been completed for all businesses and functions under the supervision of the CFT. Further, during FY 2015-16, Management testing has been conducted on a sample basis for all key processes and remedial action has been taken or agreed upon with a finite closure date where control weaknesses were identified. The Internal Audit team has also conducted a review of the Internal Financial Controls and remedial action has been taken or agreed upon with a finite closure date where in control weaknesses were identified. There are no material financial controls related observations outstanding as at March 31, 2016. Based on the above, the Management believes that adequate Internal Financial Controls exist in relation to its Financial Statements.

## 13. INFORMATION TECHNOLOGY SUPPORT

Information Technology (“IT”) has achieved stability in the core systems and close to total automation of all the business processes. Significantly, the Treasury system has now moved to SAP with the end-to-end process automated. The core lending system is now being migrated to an industry standard application. The Company has entered into the digital space with several new products and the focus now is on enhancing the digital footprint. The digital strategy is based on the ‘nexus of forces’ covering social, mobile, analytics and the cloud and internet using the ‘bi-modal’ delivery approach. The emphasis is on continual improvement and upgradation of systems and the underlying processes.

An assessment of the Company’s IT capability maturity was completed with a high score. There is a constant endeavour to move up the IT maturity curve (including benchmarking against internationally accepted IT Capability Maturity Framework) and to deliver value to businesses and customers. Several IT projects for the coming year have been identified which would give TCFSL a clear advantage and benefit the stakeholders. The Company is well on its way on the ‘digitalisation’ journey, wherein it will deploy latest technology covering the internet, cloud, analytics, social media and mobility areas. Mobility applications for retail loans have been deployed across multiple operating systems. ‘Soham’ – a mobile application enables the dealers availing of supply chain finance facilities, to get critical information of their accounts and also to conduct transactions.

The IT outsourcing model has been changed to a cost based approach - categorized on ‘run the business’ and ‘change the business’ models with optimised pricing options.

The Company is now moving into the leadership stage in its technology journey. The projects on the IT road map and the digital strategy initiative will enable the Company to take the leadership position with the support of its IT partners and the business units representing a collaborative framework.

## 14. DIGITAL PLATFORM

The Company views ‘Digital’ as a transformational and potent force, which, if leveraged well can create a high competitive advantage for it.

The year saw the Company reinstating its belief in ‘Digital’ and with a view to further enhance its focus, a new vertical was created. The new vertical has been set up to explore various facets of Digital, from – digitization of processed to innovative digital data led underwriting models to digital sourcing and development of new digital products/services.

During the year, disbursements through the digital channel increased by over 141%. As we look ahead, the emphasis on using Digital to enhance customer acquisition and productivity and build newer digital business models would continue.

## 15. HUMAN RESOURCES

The Company recognizes people as its most valuable asset and has built an open, transparent and meritocratic culture to nurture this asset.

Talent Management (Apex) is a key people planning tool that provides an integrated means of identifying, selecting, developing and retaining top talent within the organization. Focus on behavioural and leadership traits through Learning & Development interventions and job rotations are planned for the employees who constitute the Talent Pool.



Tata Capital has embarked on the journey of creating a High Performance Culture and has laid the foundation towards the same. The exercise of building this culture began by the Senior Leadership Group ("SLG") working together, in a structured exercise, to identify Tata Capital's ten cultural attributes. Tata Capital's second Cultural Survey, based on the ten identified attributes and conducted by the Gallup Organisation in August 2015 has given it a very healthy score of 4.25 on a scale of 5.

Tata Capital's focus on Employee Engagement has resulted in its overall Employee Engagement Scores (Q12) climbing steadily from 3.52 in 2009 to 4.14 in 2016, in surveys conducted by the Gallup Organisation. Tata Capital won the Gallup Great Workplace Award for the year 2015, an award which recognizes exceptional performance in Employee Engagement at a global level. Times Ascent recognized Tata Capital in the year 2015 as one of the "Dream Companies to Work For" from amongst the top 25 companies in India.

As part of the journey of becoming a benchmark organization as far as HR practices are concerned, Tata Capital has also embarked on the journey of getting the People Capability Maturity Model ("P-CMM") assessment and certification by the Carnegie Mellon University. Today, Tata Capital is the first NBFC in India to be P-CMM assessed at Level 3.

Tata Capital's Learning & Development initiatives are focused on enhancing the functional and behavioral skills and competencies of its employees through Learning & Development ("L & D") interventions, such as Executive Development Programs, e-learning and various class room based training programs. In its constant endeavour to build skills in the organization and focused efforts made towards various L & D interventions, Tata Capital was rewarded the Winner of the Golden Peacock National Training Award – 2016. Some of its prestigious programs like New Employee Orientation (NEO) – Induction Program and Pratha (Sales Manager Program) have been awarded with the 'Tata Institute of Social Studies (TISS) Leap Vault Award for Best Induction Program (Gold)' and the 'Best Sales Manager Award (Silver)', respectively.

Tata Capital is committed to strive towards full engagement of all its employees, partners, contractors, suppliers and clients to ensure safe working conditions and safe behaviour, as well as take care of their health. Tata Capital has an Occupational Health and Safety Policy in place and has adopted OHSAS 18001:2007, an internationally recognized standard for health and safety, for its Head Office, Regional Offices and select branches. The basis for implementing the Occupational Health and Safety Management System at Tata Capital is to support and promote good health and safety practices for balancing with socio economic needs. The Occupational Health and Safety Management System at Tata Capital meets the requirements of the international standard OHSAS 18001:2007. BS OHSAS 18001:2007 demonstrates Tata Capital's commitment in implementing a strong Occupational Health and Safety Management System.

There were 1,715 permanent employees on the rolls of the Company, as on March 31, 2016.

## 16. BUSINESS DEVELOPMENT

During the year, the Business Development Group ("BDG") initiated opportunities by utilizing its relationship network within and outside the Tata group, to the benefit of various businesses of the Company. The BDG also enhanced its interactions with domestic industry and trade bodies and with other entities - with a view to promoting the Tata Capital Brand, and laying the groundwork for future business.

## 17. CORPORATE SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

The Tata Group has always epitomized philanthropy, ethical practices and an untiring quest for national betterment. As per the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee comprising Mr. F. N. Subedar (Chairman), Mr. Pranab K. Choudhury, Mr. Mukund S. Dharmadhikari, Ms. Anuradha Thakur and Mr. Praveen P. Kadle as Members. During FY 2015-16, the CSR budget of the Company was ₹ 865 lakh (being 2 percent of the average net profit of the Company in the three immediately preceding financial years calculated as per Section 198 of the Act) for projects and programmes covered under Schedule VII to the Act. The CSR Policy outlining four thrust areas of development viz. Livelihood and Employability, Health, Education and Environment was adopted by the Board and the same has been put up on the website, [www.tatacapital.com](http://www.tatacapital.com). The Company has many long term associations with NGOs that make a positive and measurable difference in each of the focus areas. The Annual Report on CSR activities is annexed herewith as Annexure 'A'.

The Company believes in social equity and the principle of equal opportunity, irrespective of gender, religion, caste or creed. The Affirmative Action program at the Company seeks to promote access to quality education and technical skills and competencies for members of the Scheduled Caste ("SC") and Scheduled Tribe ("ST") communities, thus creating economic independence and sustainable livelihoods. The Vatsalya Ashramshala in Vikramgad, Maharashtra, is a residential school for tribal children, supported by Tata Capital. This initiative has seen very positive results.

## 18. COMPLIANCE

The Company has complied and continues to comply with all the applicable regulations and guidelines issued by RBI and other regulators such as the Securities and Exchange Board of India as also the Insurance Regulatory and Development Authority of India. These include Capital Adequacy, Net Owned Funds, provisioning for Non-Performing Assets and for Standard Assets, Concentration of Credit and Investment, filings, etc. The Capital Adequacy Ratio (“CAR”) of the Company was 16.34% on March 31, 2016 against the CAR of 15.00% prescribed for the Company by RBI.

During the year, there were no frauds by the Company and no material frauds on the Company by its officers or employees. Further, the Company has complied with its reporting requirements, including to RBI, in terms of the Master Circular on monitoring of frauds in NBFCs dated July 1, 2015, as amended from time to time.

The Company has deployed “ComplianceCheck” (“Application”), an online platform to report and monitor compliances. The Application has features such as generation of compliance alerts, generation of compliance reports and updating the compliance tasks based on regulatory developments.

Ms. Sarita Kamath, Head – Legal & Compliance, is the Compliance Officer of the Company.

Ms. Avan K. Doomasia, Company Secretary, has been appointed as the Compliance Officer pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 19. REGULATORY ACTION

There are no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and operations of the Company in future.

## 20. DEPOSITS

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

## 21. DETAILS OF LOANS, GUARANTEES AND INVESTMENTS

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

At the Extraordinary General Meeting of the Company held on March 30, 2015, the Members had approved a limit of ₹ 3,500 crore for the Company for making investment in securities of other companies. Details of investments made which are covered under the provisions of Section 186 of the Act are given in Note No. 13 to the Financial Statements.

## 22. DIRECTORS

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. F. N. Subedar, is liable to retire by rotation at the ensuing Annual General Meeting (“AGM”) and is eligible for re-appointment.

At the Meeting of the Board of Directors held on June 30, 2015, Mr. Madhusudan Kannan was appointed as an Additional Director of the Company. Mr. Madhusudan Kannan holds office up to the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a Notice as per the provisions of Section 160 of the Act, from a Member proposing the appointment of Mr. Kannan as Director of the Company.

Pursuant to the ‘Fit and Proper’ Policy adopted by the Company under the Non Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 issued by the Reserve Bank of India, the Company has received the ‘Fit and Proper’ declarations from Mr. Subedar and Mr. Kannan for their appointment/renewal of appointment as Directors of the Company.

The Members of the Company may refer to the accompanying Notice of the AGM of the Company, for the brief Resumes of Mr. Subedar and Mr. Kannan.

Mr. Praveen P. Kadle, Managing Director & CEO, was re-appointed as the Managing Director & CEO of the Company as also of Tata Capital Limited (“TCL”), the holding company, for a period of 5 years commencing September 18, 2012. Mr. Kadle is also the Managing Director & CEO of TCL and his entire remuneration is borne by TCL.

### 23. EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the individual Directors (including the Chairman) as well as an evaluation of the working of all Board Committees. The Board of Directors was assisted by the Nomination and Remuneration Committee ("NRC"). The performance evaluation was carried out by seeking inputs from all the Directors/Members of the Committees, as the case may be. The criteria for evaluating the performance of the Board as a whole covered various aspects of the Board's functioning such as fulfillment of key responsibilities, structure of the Board and its composition, establishment and delineation of responsibilities of the Board Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, etc. The criteria for evaluation of individual Directors covered parameters such as attendance and contribution at meetings, guidance to Management, etc. The criteria for evaluation of the Board Committees covered areas related to degree of fulfillment of key responsibilities, adequacy of Board Committee composition, effectiveness of meetings, Committee dynamics, quality of relationship of the Committee with the Board and the Management, etc.

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

### 24. POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY OF THE COMPANY

The Nomination and Remuneration Committee ("NRC") of the Company comprises Mr. Janki Ballabh (Chairman), Mr. Pranab Kumar Choudhury, Mr. Mukund S Dharmadhikari and Mr. Madhusudan Kannan. The NRC develops the competency requirements of the Board based on the industry and strategy of the Company, conducts a gap analysis and recommends the reconstitution of the Board, as and when required. It also recommends to the Board, the appointment of Directors having good personal and professional reputation and conducts reference checks and due diligence of all Directors, before recommending them to the Board. Besides the above, the NRC ensures that the new Directors are familiarized with the operations of the Company and endeavours to provide relevant training to the Directors.

In accordance with the provisions of Section 178 of the Act, the Board of Directors have adopted a Policy on Board Diversity and Director Attributes and the Remuneration Policy. The Policy on Board Diversity and Director Attributes has been framed to encourage diversity of thought, experience, knowledge, perspective, age and gender in the Board. The Remuneration Policy for Directors, Key Managerial Personnel and all other employees is aligned to the philosophy on the commitment of fostering a culture of leadership with trust. The Policy aims to ensure that the level and composition of the remuneration of the Directors, Key Managerial Personnel and all other employees is reasonable and sufficient to attract, retain and motivate them to successfully run the Company. The Policy on Board Diversity and Director Attributes as also the Remuneration Policy of the Company are attached as Annexures B and C, respectively.

The Directors have also adopted a 'Fit and Proper' Policy for ascertaining the 'fit and proper' criteria to be adopted at the time of appointment of directors and on a continuing basis, pursuant to the Non Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 issued by the Reserve Bank of India.

### 25. KEY MANAGERIAL PERSONNEL

Mr. Praveen P. Kadle, Managing Director & CEO, Mr. Puneet Sharma, Chief Financial Officer and Ms. Avan Doomasia, Company Secretary are the Key Managerial Personnel ("KMP") of the Company and are also the KMPs of TCL, the holding company.

### 26. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors and based on the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's Internal Financial Controls were adequate and effective during FY 2015-16.

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

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed and that there are no material departures thereof;

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

## 27. CORPORATE GOVERNANCE

### Company's Philosophy on Corporate Governance

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

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

The Corporate Governance philosophy is further strengthened with the adherence to the Tata Business Excellence Model as a means to drive excellence, the Balanced Scorecard methodology for tracking progress on long-term strategic objectives and the Tata Code of Conduct ("TCOC"), which articulates the values, ethics and business principles and serves as a guide to the Company, its directors and employees, supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the said TCOC. In addition, the Company has adopted Governance Guidelines on Board Effectiveness, a Code of Conduct for Prevention of Insider Trading, a Code of Corporate Disclosure Practices, a Vigil Mechanism, a Fair Practices Code, an Affirmative Action Policy, a Policy against Sexual Harassment in the Workplace, a Fit and Proper Policy for ascertaining the fit and proper criteria of the directors at the time of appointment and on a continuing basis, a Policy on Board Diversity and Director Attributes, a Code of Conduct for Non-Executive Directors, Internal Guidelines on Corporate Governance and an Occupational Health and Safety Management System.

#### a. Board of Directors

The Board of Directors along with the Committees of the Board, provides leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company.

- The size of the Board is commensurate with the size and business of the Company. At present, the Board comprises seven Directors viz. Mr. Janki Ballabh, Mr. F. N. Subedar, Mr. Pranab Kumar Choudhury, Mr. Mukund S. Dharmadhikari, Ms. Anuradha Thakur, Mr. Madhusudan Kannan and Mr. Praveen P. Kadle. Mr. Ballabh, Mr. Choudhury, Mr. Dharmadhikari and Ms. Thakur are Independent Directors ("IDs") of the Company. All the Independent Directors have confirmed that they meet the criteria as mentioned under Section 149 of the Companies Act, 2013. Mr. Subedar and Mr. Kannan are Non-Executive Directors ("NEDs") of the Company. Mr. Kadle is the Managing Director ("MD") & CEO of the Company and was re-appointed as the MD & CEO of the Company, for a period of 5 years, with effect from September 18, 2012. Mr. Kadle is also the MD & CEO of TCL and his entire remuneration is borne by TCL. The meetings of the Board are generally chaired by Mr. Ballabh.
- During FY 2015-16, ten Meetings of the Board of Directors were held on the following dates: April 21, 2015, May 8, 2015, June 30, 2015, July 10, 2015, July 27, 2015, October 28, 2015, December 9, 2015, January 22, 2016, March 16, 2016 and March 26, 2016. Details of Directors, their attendance at Board Meetings and at the previous AGM of the Company are, given below:

Name of Director	Director Identification Number	Category	Board Meetings Attended	Whether present at previous AGM held on June 30, 2015
Mr. Janki Ballabh	00011206	Independent	10	Yes
Mr. F. N. Subedar	00028428	Non – Executive	8	Yes
Mr. Pranab Kumar Choudhury	00015470	Independent	9	Yes
Mr. Mukund S. Dharmadhikari	05003224	Independent	10	Yes
Ms. Anuradha E. Thakur	06702919	Independent	8	Yes
Mr. Madhusudan Kannan*	02647756	Non – Executive	4	No*
Mr. Praveen P. Kadle	00016814	MD & CEO	10	Yes

**\*Notes:**

Mr. Madhusudan Kannan was appointed as an Additional Director on the Board of Directors of the Company, w.e.f. June 30, 2015.

- The Company paid Sitting Fees for attending meetings of the Board and the Committees of the Board and will pay Commission for FY 2015-16, within the maximum prescribed limits, to the Non-Executive Directors and Independent Directors (as recommended by the NRC and approved by the Board at their meetings held on May 2, 2016).

Details of Sitting Fees and Commission, are given below:

Name of Director(s)	Sitting Fees paid for attending Board and Committee Meetings during FY 2015-16	Commission paid for FY 2014-15	Commission to be paid for FY 2015-16
Mr. Janki Ballabh	₹ 13,80,000	₹ 18,00,000	₹ 20,00,000
Mr. F. N. Subedar	₹ 4,00,000	₹ 18,00,000	₹ 20,00,000
Mr. Pranab Kumar Choudhury	₹ 9,90,000	₹ 3,10,685*	₹ 20,00,000
Mr. Mukund S. Dharmadhikari	₹ 7,50,000	₹ 3,10,685	₹ 20,00,000
Ms. Anuradha Thakur	₹ 11,10,000	₹ 3,10,685	₹ 20,00,000
Mr. Madhusudan Kannan	₹ 1,20,000	-	₹ 15,00,000

\*Mr. Pranab Kumar Choudhury, Mr. Mukund S. Dharmadhikari and Ms. Anuradha E. Thakur were appointed as Independent Directors on the Board of the Company, w.e.f. January 28, 2015 and hence, Commission was paid for only part of the year.

None of the Non-Executive Directors and Independent Directors had any pecuniary relationships or transactions with the Company during the year under review.

**b. Committees of the Board**

The Board has constituted Committees with specific terms of reference/scope to focus effectively on issues and ensure expedient resolution of diverse matters. These are the Audit Committee, Investment Credit Committee, Finance and Asset Liability Supervisory Committee, Risk Management Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, the Committee for Review of Policies and Executive Committee of the Board. The Company Secretary is the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board at its next meeting. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions / noting.

**i) Audit Committee**

The Audit Committee comprises Mr. Janki Ballabh, Independent Director as Chairman, Mr. F. N. Subedar, Non-Independent Non-Executive Director, Mr. Mukund S. Dharmadhikari, Independent Director and Ms. Anuradha Thakur, Independent Director. The composition of the Audit Committee is in line with the provisions of Section 177 of the Act. All the Members have the ability to read and understand financial statements and have relevant finance and/or audit experience.



The Board has adopted an Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and Guidelines issued by RBI. The Charter is reviewed from time to time and is available on the website, [www.tatacapital.com](http://www.tatacapital.com). Given below, *inter alia*, is a gist of the responsibilities of the Audit Committee:

- Recommend appointment and removal of the Auditors and their remuneration, nature and scope of audit
- Ensure adequacy of internal controls and compliances and recommend remedial measures
- Review adequacy of the Internal Audit function
- Review and monitor the auditors' independence and performance and effectiveness of the audit process
- Oversee financial reporting process and disclosure of financial information
- Examine the financial statements and the auditors' report thereon
- Evaluate internal financial controls and the risk management systems
- Act as a link between the Statutory Auditors, Internal Auditors and the Board of Directors
- Review accounting policies
- Monitor compliance with the Tata Code of Conduct
- Approve any transactions of the Company with related parties or any subsequent modifications thereof
- Scrutinise inter-corporate loans and investments
- Evaluate the valuation of undertakings or assets of the Company, if necessary
- Monitoring the end use of funds raised through public offers and related matters
- Review findings of internal investigations / frauds / irregularities, etc.
- Carry out additional functions as contained in the Listing Agreement or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee
- Carry out the responsibilities under the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

During FY 2015–16, eight Meetings of the Audit Committee were held on the following dates: May 8, 2015, June 30, 2015, July 27, 2015, September 23, 2015, October 28, 2015, December 9, 2015, January 22, 2016 and March 26, 2016. The composition of the Audit Committee and the attendance of its Members at its Meetings held during FY 2015-16 is, given below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. Janki Ballabh, Chairman	Independent	8	8
Mr. F. N. Subedar	Non – Executive	8	6
Mr. Mukund S. Dharmadhikari	Independent	8	7
Ms. Anuradha E. Thakur	Independent	8	7

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

Besides the Members of the Committee, meetings of the Audit Committee are usually attended by the remaining Directors, the MD & CEO, Chief Financial Officer, Company Secretary, Statutory Auditors and Internal Auditor. The Internal Audit function is headed by the Head of Internal Audit of the Company who reports to the Chairman of the Audit Committee to ensure independence of operations.

Mr. Janki Ballabh, Chairman of the Audit Committee and the Nomination and Remuneration Committee and Mr. F. N. Subedar, Chairman of the Stakeholders Relationship Committee had attended the last AGM of the Company.



**ii) Nomination and Remuneration Committee**

During FY 2015–16, five Meetings of the Nomination and Remuneration Committee were held on the following dates: April 21, 2015, May 5, 2015, June 30, 2015, September 24, 2015 and February 19, 2016. The composition of the Nomination and Remuneration Committee and the attendance of its Members at its Meetings held during FY 2015-16 is, given below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. Janki Ballabh, Chairman	Independent	5	5
Mr. Pranab Kumar Choudhury	Independent	5	5
Mr. Mukund S. Dharmadhikari	Independent	5	4
Mr. Madhusudan Kannan*	Non – Executive	5	1

\*Mr. Madhusudan Kannan was appointed as a Member w.e.f. October 28, 2015, after which only one Meeting of the Nomination and Remuneration Committee was held.

**iii) Stakeholders Relationship Committee**

During FY 2015–16, one Meeting of the Stakeholders Relationship Committee was held on March 18, 2016. The composition of the Stakeholders Relationship Committee and the attendance of its Members at its Meeting held during FY 2015-16 is, given below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. F. N. Subedar, Chairman	Non – Executive	1	1
Mr. Mukund S. Dharmadhikari	Independent	1	1
Mr. Praveen P. Kadle	Managing Director & CEO	1	1

**iv) Corporate Social Responsibility Committee**

During FY 2015–16, two Meetings of the Corporate Social Responsibility Committee were held on May 20, 2015 and October 16, 2015. The composition of the Corporate Social Responsibility Committee and the attendance of its Members at its Meetings held during FY 2015-16 is, given below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. F. N. Subedar, Chairman	Non – Executive	2	1
Mr. Pranab Kumar Choudhury	Independent	2	2
Mr. Mukund S. Dharmadhikari	Independent	2	1
Ms. Anuradha E. Thakur	Independent	2	2
Mr. Praveen P. Kadle	Managing Director & CEO	2	2

**v) Risk Management Committee**

During FY 2015–16, four Meetings of the Risk Management Committee were held on the following dates: June 30, 2015, August 25, 2015, November 24, 2015 and March 18, 2016. The composition of the Risk Management Committee and the attendance of its Members at its Meetings held during FY 2015-16 is, given below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. Pranab Kumar Choudhury, Chairman	Independent	4	4
Mr. Janki Ballabh	Independent	4	4
Ms. Anuradha E. Thakur	Independent	4	4
Mr. Praveen P. Kadle	Managing Director & CEO	4	4

**vi) Finance and Asset Liability Supervisory Committee**

During FY 2015–16, four Meetings of the Finance and Asset Liability Supervisory Committee were held on the following dates: June 30, 2015, August 25, 2015, November 24, 2015 and March 18, 2016. The composition of the Finance and Asset Liability Supervisory Committee and the attendance of its Members at its Meetings held during FY 2015-16 is, given below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. F. N. Subedar, Chairman	Non – Executive	4	4
Mr. Janki Ballabh	Independent	4	4
Ms. Anuradha E. Thakur	Independent	4	4
Mr. Praveen P. Kadle	Managing Director & CEO	4	4

**vii) Committee for Review of Policies**

During FY 2015–16, one Meeting of the Committee for Review of Policies was held on September 23, 2015. The composition of the Committee for Review of Policies and the attendance of its Members at its Meeting held during FY 2015-16 is, given below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. Janki Ballabh	Independent	1	1
Mr. Praveen P. Kadle	Managing Director & CEO	1	1

**viii) Investment Credit Committee**

During FY 2015–16, twelve Meetings of the Investment Credit Committee were held on the following dates: May 20, 2015, June 30, 2015, July 10, 2015, July 20, 2015, August 25, 2015, September 23, 2015, October 16, 2015, October 28, 2015, November 24, 2015, December 9, 2015, February 19, 2016 and March 18, 2016. The composition of the Investment Credit Committee and the attendance of its Members at its Meetings held during FY 2015-16 is, given below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. Pranab Kumar Choudhury, Chairman	Independent	12	11
Mr. Janki Ballabh	Independent	12	12
Ms. Anuradha E. Thakur	Independent	12	10
Mr. Praveen P. Kadle	Managing Director & CEO	12	12

**c. Means of Communication**

The 'Investors' section on the Company's website keeps the investors updated on material developments in the Company by providing key and timely information such as Financial Results, Annual Reports, etc. The debentureholders can also send in their queries / complaints at the designated email address: [compliance.ncd@tatacapital.com](mailto:compliance.ncd@tatacapital.com).

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

The half yearly Financial Results of the Company are submitted to the Stock Exchanges in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are published in a leading English daily newspaper and also communicated to the Debenture holders every six months through a half yearly communiqué. Official news releases, including the half-yearly results, are also posted on the Company's website, [www.tatacapital.com](http://www.tatacapital.com).

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai. The Corporate Identity Number ("CIN") allotted to the Company by the Ministry of Corporate Affairs ("MCA") is U67100MH2010PLC210201. The Company's Non-Convertible Debentures issued to the public, are listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The following are the details of the Company's debentures issued to the public:

Type	ISIN	BSE		NSE	
		Scrip Code	Address	Series	Address
Option I	INE306N07BK0	934845	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. www.bseindia.com	N6	“Exchange Plaza”, Bandra
Option II	INE306N07BL8	934846		N7	Kurla Complex, Bandra (E),
Option III	INE306N07BM6	934847		N8	Mumbai – 400051
Option IV	INE306N07BN4	934848		N9	www.nseindia.com

The Debentures issued on a private placement basis are listed on the Wholesale Debt Market segment of the NSE.

Details of Debenture Trustees and the Registrar and Transfer Agents for the Debentures are, given below:

<b>Debenture Trustees</b>
<p>IL &amp; FS Trust Company Limited The IL&amp;FS Financial Centre, Plot C - 22, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 Web: www.itclindia.com Tel: +91 22 2653 3333, Fax: +91 22 2653 3297 e-mail: investorgrievances.itcl@iflsindia.com</p>
<p>IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001 Web: www.idbitrustee.com Tel: +91 22 4080 7000, Fax: +91 22 6631 1776 e-mail: itsl@idbitrustee.com</p>
<b>Registrar and Transfer Agents</b>
<b>Non – Convertible Debentures issued to the Public</b>
<p>Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Tel: +91 040-67161500 www.karvycomputershare.com e-mail: balaji.reddy@karvy.com</p>
<b>Non – Convertible Debentures issued on a Private Placement basis</b>
<p>Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex, Behind Sakinaka Telephone Exchange, Kurla Andheri Road, Sakinaka, Mumbai - 400072 Tel: +91 22 67720300, +91 22 67720400 www.shareproservices.com e-mail: sachins@shareproservices.com</p>

The Company is in the process of appointing TSR Darashaw Limited (“TSR”) as the RTA for the securities issued by the Company, consequent upon the issue of an Order by SEBI dated March 22, 2016, restraining the management of Sharepro Services (I) Private Limited (“Sharepro”) from buying, selling or dealing in the securities market or associating themselves with securities market, either directly or indirectly, in any manner, till further directions. In terms of the said Order, an audit of the records and systems of Sharepro is in progress.

As per the provisions of Section 205C of the erstwhile Companies Act, 1956, interest on application money and interest on matured debentures as also the principal amount of matured debentures remaining unclaimed for a period of seven years from the date they become due for payment, have to be transferred to the Investor Education and Protection Fund (“IEPF”) established by the Central Government. The Company has transferred unclaimed interest on application money, with respect to the Secured NCDs issued to the public (“Public NCDs”) aggregating ₹ 2,40,058, to the IEPF Account, within the statutory timelines.

The debentureholders are requested to claim the interest on matured debentures and the amount of matured debentures on the Public NCDs at the earliest, by contacting the Company or the Registrars. The unclaimed interest on matured debentures and the unclaimed principal amount of matured debentures would be transferred to the IEPF Account after completion of seven years from the date it becomes due for payment. In terms of the said section, no claims would lie against the Company or the IEPF after the transfer of any amount to the IEPF.

**e. Other Information**

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

The Company has adopted the TCOC for its employees, including the MD & CEO. In addition, the Company has adopted a Code of Conduct for its NEDs. The Codes have been posted on the website.

**28. VIGIL MECHANISM**

The Company has established a Vigil Mechanism for its Directors and employees to report their genuine concerns or grievances. The said mechanism encompasses the Whistle Blower Policy, Fraud Risk Management Process, the Ethics mechanism under the TCOC, etc., and provides for adequate safeguards against victimization of persons who use such mechanism. It also provides direct access to the Chairman of the Audit Committee and the Chief Ethics Counsellor. The Vigil Mechanism, Whistle Blower Policy and TCOC have been put up on the Company’s website.

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

The Company is committed to providing and promoting a safe and healthy work environment for all its employees.

A ‘Prevention of Sexual Harassment’ (“POSH”) policy that is in line with the statutory requirement, along with a structured reporting and redressal mechanism is in place. The POSH Policy is displayed on the Company’s Intranet and is also communicated to employees through e-mails and communication campaigns. An Apex POSH Committee based in Mumbai and 11 Regional POSH Committees (each having a woman as Presiding Officer and an external woman member) are in place. During the year, 2 training sessions – by subject matter experts – were conducted for POSH Committee members. Members of the Committees have conducted training and awareness sessions across the organization, to sensitise employees to the needs and concerns of women employees and for a better understanding of the POSH policy. Posters on the POSH policy, giving contact details of POSH Committee members, are displayed in the Company’s branch offices across the country. There is also a dedicated e-mail id: [posh@tatacapital.com](mailto:posh@tatacapital.com), for employees to communicate, in strict confidence, directly with the Members of the POSH Committee.

During the year, the Company received no complaints under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During FY 2014-15, the Company had received one complaint on sexual harassment, which was closed during FY 2015-16.

**30. STATUTORY AUDITORS**

Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (“DHS”) (ICAI Firm Registration Number: 117366W/W - 100018), who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing AGM and are eligible for re-appointment.

Deloitte Haskins & Sells, Ahmedabad (“DHS-A”), Chartered Accountants, were appointed as the Statutory Auditors of the Company at the AGM of the Company held on September 5, 2011, for FY 2011-12. Subsequently, DHS were appointed in place of DHS-A, at the AGM held on July 19, 2012 and were re-appointed at the AGM held on June 28, 2013, June 30, 2014 and June 30, 2015 and their current term expires at the conclusion of the ensuing AGMs. At the conclusion of the ensuing AGM of the Company, DHS (taking into consideration the initial appointment of DHS-A) would have completed a period of five years as Statutory Auditors of the Company. The Company has received a letter from DHS to the effect that their appointment, if made, would be in accordance with Section 139 of the Act and that, they are not disqualified for such appointment within the meaning of Section 141 of the Act.

As per the provisions of the Act read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to re-appoint DHS as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next AGM of the Company.

**31. ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY**

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act and the Guidelines prescribed by the RBI, as applicable.

**32. EXPLANATION ON STATUTORY AUDITORS' REPORT**

There are no qualifications, reservations or adverse remarks or disclaimers made by DHS, in their Report dated May 2, 2016, on the Financial Statements of the Company for FY 2015-16.

**33. SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Parikh & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for FY 2015-16. The Secretarial Audit Report is annexed as Annexure D.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Parikh & Associates in their Secretarial Audit Report dated May 2, 2016, on the Secretarial and other related records of the Company for FY 2015-16.

**34. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS**

There are no material changes or commitments affecting the financial position of the Company which have occurred after March 31, 2016 and May 2, 2016, being the date of this Report.

**35. PARTICULARS OF RELATED PARTY TRANSACTIONS**

The Company has adopted a Policy and a Framework on Related Party Transactions for the purpose of identification and monitoring of such transactions. The said policy is attached as Annexure E.

A Statement containing the details of material contracts or arrangements or transactions with Related Parties on an arm's length basis with respect to transactions as required under Section 188(1) of the Act, in the prescribed Form No. AOC-2, is attached as Annexure F. Further, details of Related Party Transactions as required to be disclosed by Accounting Standard – 18 on "Related Party Disclosures" specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, are given in the Notes to the Financial Statements.

During the year, the Company has not entered into any transactions with Related Parties which are not in its ordinary course of business or not on an arm's length pricing basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Act.

**36. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO****(A) Conservation of energy:****i. Steps taken / impact on conservation of energy:**

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

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

A solar panel has been installed at the Company's office at Thane which self illuminates and provides power to the garden and security lights on the campus from dusk to dawn producing close to 750 watts of energy. The garden lights at the Thane office have been retrofitted with LED bulbs that consume less electricity as compared to conventional incandescent or CFL bulbs.

**iii. Capital investment on energy conservation equipments:**

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

**(B) Technology absorption:****i. The efforts made towards technology absorption;****ii. The benefits derived like product improvement, cost reduction, product development or import substitution;****iii. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):**

- (a) The details of technology imported;
  - (b) The year of import;
  - (c) Whether the technology been fully absorbed;
  - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- iv. The expenditure incurred on Research and Development.

Given the nature of the activities of the Company, the above would not be applicable to the Company.

**(C) Foreign exchange earnings and Outgo:**

The Foreign Exchange earned in terms of actual inflows during the year under review was Nil and the Foreign Exchange Outgo during the year under review in terms of actual outflows, was ₹ 1.24 crore.

**37. EXTRACT OF ANNUAL RETURN**

An extract of the Annual Return as prescribed under Section 92(3) of the Act and the Companies (Management & Administration) Rules, 2014, in the prescribed Form No. MGT- 9, is attached as Annexure G.

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

A Statement giving the details required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2016, is attached as Annexure H.

The details required under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2016, are provided in a separate annexure forming part of this Report. In terms of the first proviso to Section 136 of the Act, the Report and the Accounts are being sent to the Members, excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary, at the Registered Office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

**39. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report is attached as Annexure I.

**40. ACKNOWLEDGEMENTS**

The Directors would like to place on record their gratitude for the valuable guidance and support received from RBI, Securities and Exchange Board of India, Registrar of Companies and other government and regulatory agencies and to convey their appreciation to TCL, the holding company, customers, bankers, lenders, vendors and all other business associates for the continuous support given by them to the Company. The Directors also place on record their appreciation of the commitment, commendable efforts, team work and professionalism of all the employees of the Company.

For and on behalf of the Board of Directors

Mumbai  
May 2, 2016

**Janki Ballabh**  
Director

**Praveen P. Kadle**  
Managing Director



## Annexure A

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

**1. Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs:**

Vision: To ensure sustainability by doing what is right, through the adoption of sustainable business practices, employee policies and technologies.

Purpose: To protect the interests of all the stakeholders of the Company and contribute to society at large, by making a measurable and positive difference through the four causes the Company supports viz. Livelihood & Employability, Health, Education and Environment.

Sectors and Issues: To focus on art and culture, education, sports, health, employability, entrepreneurship, environment, volunteering, disaster relief and Tata Group efforts.

For details of the CSR Policy along with projects and programs, kindly refer to the website, <http://www.tatacapital.com/corporate-sustainability.htm>.

**2. The composition of the CSR Committee:**

The Board of Directors have constituted a CSR Committee in accordance with the requirements of Section 135 (1) of the Companies Act, 2013 ("Act"), which currently comprises:

- a) Mr. F. N. Subedar, Non – Executive Director (Chairman)
- b) Mr. P. K. Choudhury, Independent Director
- c) Mr. M. S. Dharmadhikari, Independent Director
- d) Ms. Anuradha Thakur, Independent Director
- e) Mr. Praveen P. Kadle, Managing Director & CEO

**3. Average Net Profit of the Company for last 3 Financial Years:**

(₹ in crore)

Financial Year	Net Profit
FY 2012 -13	478.17
FY 2013 -14	409.92
FY 2014-15	408.63
<b>Average Net Profit</b>	<b>432.24</b>

*Note: The above net profit has been calculated in accordance with the provisions of Section 198 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.*

**4. Prescribed CSR expenditure (2% of Average Net Profit as indicated in Point No. 3):**

The prescribed CSR expenditure for FY 2015 – 16 was ₹ 8.65 crore.

**5. Details of CSR spend during FY 2015-16:**

- a. Total amount to be spent : ₹ 8.65 crore
- b. Amount unspent, if any: Nil

c. Manner in which the amount was spent during FY 2015-16 is detailed below:

(₹ in lakh)

Sr. No	CSR Projects or Activity Identified	Sector in which the project is covered	Projects or Programs 1) Local area or other, 2) Specify the state and District where the projects or programs was undertaken	Amount outlay (Budget) project or Program wise	Amount spent on the projects or Programs Sub heads:		Cumulative expenditure upto the reporting period	Amount Spent	
					Direct Expenditure on projects or Programs	Overheads		Direct	Implementing Agency
1	Cluster Development	Promoting Education	Local area: Vikramgad, Palghar, Maharashtra	46.98	43.68	3.30	46.98		<ul style="list-style-type: none"> <li>Pragati Pratishthan</li> <li>Vatsalya Ashramshala</li> <li>Pratham</li> <li>Magic Bus</li> </ul>
2	School Infrastructure	Promoting Education	Local area: Jawhar, Palghar, Maharashtra	54.00	54.00	-	54.00		<ul style="list-style-type: none"> <li>Pragati Pratishthan</li> </ul>
3	Dooars Jagaron	Promoting Education	Other: Jalpaiguri, West bengal	11.55	10.55	1.00	11.55		<ul style="list-style-type: none"> <li>CSR</li> <li>Dooars</li> </ul>
4	Scholarships	Promoting Education	Local area: Mumbai, Maharashtra Other PAN India	18.99	18.99		18.99	PANKH, TCFSL	<ul style="list-style-type: none"> <li>FAEA, Tata Trust</li> <li>Elphinstone and Gnysadhana college</li> </ul>
5	Financial Literacy for children under NFLAT and for farmers	Enhancing Skills and promoting education	Local area: Jawhar, Palghar, Maharashtra Other PAN India	64.21	61.25	2.96	64.21		<ul style="list-style-type: none"> <li>Sattva and Pragati Pratishthan</li> <li>CERE, Tata Interactive Services</li> </ul>
6	Awareness on education through libraries and publications	Promoting Education	Other PAN India	31.08	31.08		31.08		<ul style="list-style-type: none"> <li>Marg Publications</li> <li>Maharogi Seva Samiti</li> <li>Marathi Vidyan Parishad</li> </ul>
7	Cancer Treatment and residential support for patients Other health care support for patients and hearing impaired individuals	Promoting healthcare	Other PAN India	137.36	137.36		137.36		<ul style="list-style-type: none"> <li>St. Judes Homes</li> <li>Shree Narsimha Saraswati Medical Foundation</li> <li>Cancer Patients Aids Association</li> <li>Tata Medical Centre Trust</li> <li>Aured</li> <li>St. Johns Ambulance</li> <li>United Way of Mumbai</li> </ul>
8	Promoting arts, Sports and culture	Promoting Sports Promoting arts and culture	Other PAN India	140.50	140.50		140.50		<ul style="list-style-type: none"> <li>Lalit Kalanidhi</li> <li>Spic Macay</li> <li>Samvaad Foundation</li> <li>Courage India</li> <li>Prakash Padukone Badminton Academy</li> </ul>
9	Skill Development	Enhancing vocational skills as livelihood enhancement projects	Other PAN India	207.60	207.60		207.60		<ul style="list-style-type: none"> <li>National Institute of Banking and Finance</li> <li>Don Bosco</li> <li>Sattva and Team Lease</li> <li>Pratham</li> <li>Tata Strive</li> </ul>
10	Entrepreneurship trainings	Livelihood enhancement projects	Local Area: Aurangabad, Maharashtra Other: Dhamtari, Chattisgarh	28.16	28.16		28.16		<ul style="list-style-type: none"> <li>IRFT</li> </ul>

(₹ in lakh)

Sr. No	CSR Projects or Activity Identified	Sector in which the project is covered	Projects or Programs 1) Local area or other, 2) Specify the state and District where the projects or programs was undertaken	Amount outlay (Budget) project or Program wise	Amount spent on the projects or Programs Sub heads:		Cumulative expenditure upto the reporting period	Amount Spent	
					Direct Expenditure on projects or Programs	Overheads		Direct	Implementing Agency
11	Forestation Project	Ensuring environmental sustainability	Other: Sariska, Alwar Rajasthan	39.62	39.62		39.62		• Grow Trees
12	Environment awareness programs	Ensuring environmental sustainability	Other: PAN India	27.68	27.68		27.68	Carbon Footprint, TCCL	<ul style="list-style-type: none"> <li>• SICCI Energy Committee</li> <li>• Shristi Green Governance</li> <li>• Carbon Foot print mapping</li> <li>• Infrasecure Implementation</li> </ul>
13	Volunteering	Volunteering	Other: PAN India	25.58	25.58		25.58		• iVolunteers
14	Admin expenses	Capacity Building, including expenditure on administrative overheads	Other: PAN India	31.70	31.70		31.70	TCFSL	<ul style="list-style-type: none"> <li>• Staff cost</li> <li>• Rotary Club of Poona</li> <li>• Astad Pastakia and Centre for Integrated Development</li> <li>• Administrative Expenses</li> <li>• Employee Engagement, CERE</li> </ul>
<b>TOTAL</b>				<b>865.00</b>	<b>857.74</b>	<b>7.26</b>	<b>865.00</b>		

**6. In case the Company has failed to spend the 2% of the Average Net Profit of the last three financial years or any part thereof, reasons for not spending the amount:**

Not Applicable as amounts have been spent.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, in compliance with CSR objectives and Policy of the Company:**

We hereby confirm that the implementation and monitoring of CSR Policy, are in compliance with the CSR objectives and CSR Policy of the Company.

Sd/-

**F. N. Subedar**  
Chairman – CSR Committee  
(Non-Executive Director)

Sd/-

**Anuradha E. Thakur**  
Member – CSR Committee  
(Independent Director)

Sd/-

**Pranab Kumar Choudhury**  
Member – CSR Committee  
(Independent Director)

Sd/-

**Praveen P. Kadle**  
Member – CSR Committee  
(Managing Director & CEO)

Sd/-

**Mukund S. Dharmadhikari**  
Member – CSR Committee  
(Independent Director)

## Annexure B

### POLICY ON BOARD DIVERSITY AND DIRECTOR ATTRIBUTES

#### 1. PURPOSE

In terms of Section 178 of the Companies Act, 2013 (“Act”) and the Governance Guidelines on Board Effectiveness issued by Tata Sons Limited and adopted by the Board of Directors, the Nomination and Remuneration Committee (“NRC”) of the Board is, *inter alia*, required to formulate a Policy on Board Diversity and lay down the criteria for determining qualifications, positive attributes and independence of a director.

Diversity in the composition of the Board of Directors has become essential in view of the expansion of business, greater social responsibility, increasing emphasis on Corporate Governance, need for addressing concerns of diverse stakeholders and the necessity for managing risks in the business effectively. A Board composed of appropriately qualified and skilled people, with a broad range of experience relevant to the business, is important for effective corporate governance and sustained commercial success of a company.

In view of the above, Tata Capital Financial Services Limited (“TCFSL” or “Company”) has framed this Policy on Board Diversity and Director Attributes (“Policy”) that encourages diversity of thought, experience, knowledge, perspective, age and gender in the Board. The Policy sets out the approach to diversity in the Board of Directors of the Company so as to ensure that the Board has an appropriate blend of functional and industry expertise.

This Policy has been adopted by the Board of Directors of the Company, based on the recommendations of the NRC.

#### 2. OBJECTIVES OF THE POLICY

The Objectives of the Policy include:

- i. Board to drive diversity and have an appropriate blend of functional and industry expertise;
- ii. While recommending the appointment of a director to, *inter alia*, consider the manner in which the function and domain expertise of the individual contributes to the overall skill domain mix of the Board;
- iii. To help the Company build a better Board that can draw upon a wide range of perspectives, expertise, knowledge and experience;
- iv. To achieve an optimum and balanced Board, with a wide range of attributes;
- v. To encourage healthy and open discussion and promote independence of judgement in Board and Committee deliberations; and
- vi. To have an optimum mix of Executive, Non-Executive and Independent Directors, including Women Directors.

#### 3. POLICY STATEMENT

To meet the above Objectives:

- i. The Board of TCFSL will ensure that a transparent Board nomination process is in place that encourages diversity of thought, experience, skills, knowledge, perspective, age, nationality, gender, cultural and educational background;
- ii. It will be ensured that the Board has an appropriate blend of functional and industry expertise and skills;
- iii. The consideration and selection of candidates for appointment to the Board will be based on merit which shall include a review of any candidate’s integrity, experience, educational background, industry or related experience and more general experience;
- iv. Candidates that bring a diversity of background and opinion from amongst those candidates with the appropriate background and industry or related expertise and experience and having the ability to devote sufficient time to the affairs of the Company, should be considered for appointment to the Board; and
- v. While recommending the appointment of a Director, the NRC will consider the criteria as laid down under the Act and applicable Regulations/Guidelines issued by Statutory and Regulatory authorities, as also those issued by Tata Sons Limited, from time to time, and the manner in which the function and domain expertise of the individual will contribute to the overall skill-domain mix of the Board.

**4. MEASURABLE OBJECTIVES**

The NRC will largely rely on the regulatory provisions of the Act and the Regulations/Guidelines issued by the RBI (as applicable to Non-Banking Financial Companies) as also the Guidelines circulated by Tata Sons Limited and review the measurable objectives for achieving diversity against these provisions and recommend the same to the Board for adoption. At any given point of time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

**5. MONITORING AND REPORTING**

The NRC will review the Policy periodically, which will include an assessment of the effectiveness of the Policy. The NRC will discuss any revision that may be required and recommend the same to the Board for approval.

## REMUNERATION POLICY

### 1. COMPENSATION PHILOSOPHY

Tata Capital Financial Services Limited (“Company”) has adopted a Remuneration Policy based on a defined formal compensation philosophy of Tata Capital Limited, the holding company. In order to build a high performance culture, aligned to the Company’s Vision and Goals, the Compensation Philosophy aims at providing a significant differential to superior performers and also segregating increments and performance payouts, based on the actual performance of various business verticals.

The aforementioned Compensation philosophy helps the Company to manage long term fixed cost, keep up with market compensation and attract the right talent to help drive its growth plans.

The performance of the Company and its Business Units / Functions is measured against annual budgets / targets, set as per the Balanced Score Card (BSC). Performance of individuals is measured against Key Result Areas (KRAs) set at beginning of year and after considering any revision of target during the year. The Annual Performance Rating would be considered for calculating the Performance Pay. Rating would be on a 5 point scale.

Consistent with the principle of differential influence that an employee may have on the overall performance of the Company, different weights are assigned for the Company’s performance, the performance of Business Units / Functions and the performance of individuals. Thus, employees in entry level / junior management have greater weightage for individual performance, while employees in senior leadership roles have maximum weightage for Company and Business Unit Performance.

### 2. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The philosophy for remuneration of Directors, Senior Leadership Team, Key Managerial Personnel (“KMP”) and all other employees of the Company is based on the commitment to fostering a culture of leadership with trust. The Remuneration Policy is aligned to this philosophy.

This Remuneration Policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”). In case of any inconsistency between the provisions of law and this Remuneration Policy, the provisions of law shall prevail and the Company shall abide by the applicable law. In case there are any changes in the law, the Company shall comply with the applicable amended provisions. While formulating this Remuneration Policy, the Nomination and Remuneration Committee (“NRC”) has considered the factors laid down under Section 178(4) of the Act which are, as under:

- “(a) *the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;*
- (b) *relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and*
- (c) *remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.”*

The key principles governing this Remuneration Policy are, as follows:

#### 2.1 Remuneration for Independent Directors and Non-Independent Non- Executive Directors

- (i) Independent Directors (“ID”) and Non-Independent Non-Executive Directors (“NED”) may be paid Sitting Fees (for attending the meetings of the Board and of Committees of the Board of which they may be Members) and Commission within regulatory limits.
- (ii) Within the parameters prescribed by law, the payment of Sitting Fees and Commission will be recommended by the NRC for the approval of the Board.
- (iii) Overall remuneration (Sitting Fees and Commission) should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration, the challenges faced by the Company and its future growth imperatives).
- (iv) Overall remuneration should be reflective of the size of the Company, complexity of the sector/ industry/ Company’s operations and the Company’s capacity to pay the remuneration.



- (v) Overall remuneration practices should be consistent with recognized best practices.
- (vi) Quantum of Sitting Fees may be subject to review on a periodic basis, as required.
- (vii) The aggregate Commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters, as may be decided by the Board.
- (viii) The NRC will recommend to the Board, the quantum of Commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent at Board and Committee meetings, individual contribution at the meetings and contributions made by Directors, other than at Board and Committee meetings.
- (ix) In addition to the Sitting Fees and Commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his / her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board / Board Committee meetings, General Meetings, court convened meetings, meetings with Shareholders / Creditors / Management, site visits, induction and training (arranged by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his / her duties as a Director.

## 2.2 Remuneration for Managing Director (“MD”) / Executive Directors (“ED”) / KMP / rest of the employees <sup>(Note 1)</sup>

- (i) The extent of overall remuneration to the MD / ED / KMPs / rest of the employees should be sufficient to attract and retain talented and qualified individuals suitable for their roles.

Hence, remuneration should be:

- market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent);
  - driven by the role played by the individual;
  - reflective of the size of the company, complexity of the sector / industry / Company’s operations and the Company’s capacity to pay;
  - consistent with recognized best practices; and
  - aligned to any regulatory requirements.
- (ii) In terms of remuneration mix or composition,
    - the remuneration mix for the MD / EDs should be as per the contract approved by the Shareholders. In case of any change which is beyond the remuneration approved by the Shareholders, the same would require the approval of the Shareholders.
    - basic / fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
    - in addition to the basic / fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursments or insurance cover and accidental death and dismemberment through personal accident insurance.
    - the Company provides retirement benefits, as applicable.
    - in addition to the basic / fixed salary, benefits, perquisites and allowances as provided above, the Company may provide MD / EDs such remuneration by way of Commission, calculated with reference to the Net Profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD / EDs would be based on the performance of the MD / EDs as evaluated by the Board or the NRC and approved by the Board.

OR

- In addition to the basic/fixed salary, benefits, perquisites and allowances as provided above, the Company may provide to its MD / ED, such remuneration by way of an annual incentive remuneration / performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate, from time to time, by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
  - Company's performance on certain defined qualitative and quantitative parameters, as may be decided by the Board from time to time
  - Industry benchmarks of remuneration
  - Performance of the individual
- The Company will provide the rest of the employees, a performance linked incentive pay. The performance linked pay would be driven by the outcome of the performance appraisal process and the performance of the Company.

### **2.3 Remuneration payable to Director for services rendered in other capacity**

No remuneration will be payable to the Directors for services rendered by such Director in any other capacity unless:

- a) The services rendered are of a professional nature;
- b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession; and
- c) Approval of the Central Government has been received, if required, for paying the same.

### **2.4 Loans to employees**

The Company may grant loans to its employees on such terms and conditions as may be determined by the Board or any Committee of the Board, from time to time, in accordance with applicable laws.

### **2.5 Policy implementation**

The NRC is responsible for recommending the Remuneration Policy to the Board. The Board is responsible for approving and overseeing implementation of the Remuneration Policy.

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<sup>Note 1</sup> *Excludes employees covered by any long term settlements or specific term contracts. The remuneration for these employees would be driven by the respective long term settlements or contracts.*

## Annexure D

**FORM No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

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

To,  
The Members  
Tata Capital Financial Services Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the audit period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period).

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

- (a) All the Rules, Regulations, Guidelines and Circulars applicable to Non Banking Financial Companies under the RBI Act, 1934
- (b) Credit Information Companies (Regulation) Act, 2005 and Rules
- (c) SEBI Circulars and Guidelines for Mutual Funds
- (d) Guidelines with respect to SEBI KYC registration agency (KRA) Regulations, 2011
- (e) Securities and Exchange Board of India (Investment Advisers) Regulations, 2013
- (f) SEBI (Research Analysts) Regulations, 2014
- (g) The Insurance Act, 1938 and the Insurance Regulatory and Development Authority (Registration of Corporate Agents) Regulations, 2015
- (h) The Prevention of Money-Laundering Act, 2002 and The Prevention of Money Laundering (Maintenance of Records, etc.) Rules, 2005
- (i) SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

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

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

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

We further report that:

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

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

Decisions at the Board Meetings were taken unanimously.

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

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

- a. During the year, the Company had issued and redeemed the following Non-Convertible Debentures:
  - (i) Issued 43,832 Secured Redeemable Non-Convertible Debentures for an aggregate amount of ₹ 4,383 crore
  - (ii) Issued 11,900 Unsecured Redeemable Non-Convertible Debentures for an aggregate amount of ₹ 1,190 crore
  - (iii) Redeemed 32,739 Secured Redeemable Non-Convertible Debentures for an aggregate amount of ₹ 3,274 crore
- b. The Company had issued and allotted 16,00,00,000 Compulsorily Convertible Cumulative Preference Shares of ₹ 10 each aggregating ₹ 160 crore, on a rights basis.

**For Parikh & Associates  
Company Secretaries**

Mumbai  
May 2, 2016

**Jigyasa Ved**  
Partner  
FCS No: 6488 CP No: 6018

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

**Annexure I**

To,  
The Members  
Tata Capital Financial Services Limited

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

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

For **Parikh & Associates**  
**Company Secretaries**

**Jigyasa Ved**  
Partner

Mumbai  
May 2, 2016

FCS No: 6488 CP No: 6018

## Annexure E

### POLICY ON RELATED PARTY TRANSACTIONS

#### 1. **Executive Summary**

This Policy is being framed with the objective of ensuring compliance with the provisions pertaining to Related Party Transactions in the Companies Act, 2013 (“Act”).

Related Party Transactions referred to throughout this Policy shall mean contracts / arrangements / transactions with a Related Party (as defined under the Act). Accordingly, Related Party Transactions may be entered into by the Company only in accordance with this Policy as amended from time to time.

The Policy covers following sections:-

Objective:- Lays down the intent and requirement for drafting this Policy.

Scope:- To give an overview of the legal provisions applicable to Related Party Transactions and lay down the processes for identifying Related Parties and the Related Party Transaction approval.

Definition:- Specifies the key definitions stated in the Act.

Key Principles:-

- (a) Identification, Review of Related Party Transactions
- (b) Broad Parameters to Assess: Ordinary Course of Business
- (c) Broad Parameters to Assess: Arm’s Length
- (d) Materiality Thresholds for Related Party Transactions

Going forward, the Audit Committee would review and recommend amendments to the Policy, as and when required, subject to the approval of the Board.

#### 2. **Objective**

Section 188 of the Act and the Rules made thereunder require the approval of the Board and the Shareholders of a company for certain transactions entered into by a company with its Related Parties.

Related Party Transactions can present potential or actual conflicts of interest and may raise questions whether such transactions are in the best interest of the Company and its Shareholders. Therefore, this Policy has been adopted by the Company’s Board of Directors, to ensure high standards of Corporate Governance while dealing with Related Parties and sets forth the procedures under which the Related Party Transactions must be reviewed, approved or ratified and reported.

This Policy has been drafted with an objective of ensuring compliance with the provisions pertaining to Related Party Transactions under the Act.

#### 3. **Scope**

Accordingly, this Policy has been adopted to:

- (a) give an overview of the legal provisions applicable to Related Party Transactions;
- (b) lay down the process for identifying Related Parties;
- (c) identify factors for determining whether a transaction with a Related Party is:
  - on an Arm’s Length basis
  - in the Ordinary Course of Business
- (d) for approval / noting of Related Party Transactions.

**Note 1**:- This Policy is for the purpose of identifying Related Party Transactions and the relevant approval methodology for compliance with the Act and the Rules framed thereunder.

**Note 2**:- Provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, not being



consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

#### 4. **Definition**

All capitalised terms used in this Policy document but not defined herein shall have the meaning ascribed to such term in the Act and the Rules framed thereunder, as amended from time to time.

#### 5. **Identification and Monitoring of Related Parties**

The Secretarial Team shall update the Reference List on the basis of intimations received from the Directors / KMPs or changes in corporate or investment structure, as informed from time to time.

The names / details of all Related Parties identified shall be consolidated, as a Reference List and this Reference List shall be updated on a regular basis by the Secretarial Team.

This Reference List and subsequent updates, as prepared by the Secretarial Team, shall be progressively shared by the Controllership Team with all Business Heads (Division Heads or higher)/ Functional Heads, for compliance at their end.

All Related Party Transactions for the period shall be reported to the Company Secretary who shall place the same for approval / noting / ratification by the Audit Committee, in accordance with this Policy.

To review a Related Party Transaction, the Board / Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the name of the related party, the nature of the relationship, nature of the transaction, whether the transaction is in the 'Ordinary Course of Business', whether the transaction is at 'Arm's Length' and any other matter, as may be required.

The process and controls with respect to identification monitoring of Related Parties and execution of Related Party Transactions would be vis-à-vis an appropriate Framework, as approved by the Board, Audit Committee and Management, instituted for compliance with this Policy.

For assessing whether the transaction is in the Ordinary Course of Business and Arm's Length, Clause 6 of this Policy shall be referred to.

#### 6. **Key Principles**

##### **A. Broad Parameters to assess - Ordinary Course of Business**

The phrase Ordinary Course of Business is not defined under the Act or Rules made thereunder. The Company shall adopt a reasonable approach / methodology to demonstrate 'Ordinary Course of Business' which shall, *inter alia*, include the Nature of the transaction, the frequency / regularity / length of time the company is engaged such transaction, such transaction / action is consistent with the past practices and was taken in the ordinary course of the normal day-to-day operations of such company, common commercial practice i.e. customarily taken, in the ordinary course of the normal day-to-day operations of other companies that are in the same / similar line of business.

The Company shall adopt an appropriate framework to assess whether transactions with related parties are done in the ordinary course of business and Company adopts generally accepted practices and principles in determining whether the transaction is in the 'Ordinary Course of Business'.

##### **B. Broad Parameters to assess – Arm's Length**

For transactions between two related parties to be considered to be at Arm's Length Pricing, the transaction should be conducted between the two parties as if the parties were unrelated, so that there is no conflict of interest i.e. Arm's Length Pricing is the condition or the fact that the two related parties transact as independent (un-related) parties and on an equal footing from one or more of the following aspects viz. nature of goods / services, risk assumed, assets / resources employed, key terms / covenants.

In the absence of any guidelines on Arm's Length Pricing in the Act, the Company shall adopt reasonable approach / methodology to demonstrate Arm's Length Pricing for the specified Related Party Transactions identified, which shall, *inter alia*, include, the nature of the transaction, description of functions to be performed, risks to be assumed and assets to be employed, key terms / special terms in the arrangement forming part of a composite transaction.

The Company shall adopt an appropriate framework to assess whether transactions with related parties are done at an Arm's Length and Company adopts generally accepted practices and principles in determining whether the transaction is at "Arm's Length".

**C. Materiality Thresholds for Related Party Transactions**

- (a) The Board has stipulated that transactions with related parties in the ordinary course of business and at arm's length that cross the monetary threshold ("**de minimis threshold**") as set out below would require Audit Committee approval. The **de minimis** thresholds are:
  - (i) For transactions of a revenue nature, amounts exceeding the existing DOA;
  - (ii) For transactions of a capital nature, amounts exceeding the existing DOA; and
  - (iii) For transactions for which materiality levels are specifically mentioned in the Act, (i) and (ii) above shall be capped at the materiality levels as stipulated in the table at sub-point (b) below, under "Internal Thresholds for Approvals".
- (b) The Company has also set out Materiality Thresholds for Related Party Transactions as per the Companies Act, 2013 and internal thresholds for approvals.

The Company shall institute appropriate framework to provide for approvals / noting of all Related Party Transactions to be in compliance with this Policy.

**7. Disclosure**

The Policy shall be published on the Company's website <http://www.tatacapital.com>

## Annexure F

## Form No. AOC- 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis - Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:

(₹ in lakh)

Sr. No.	Name of the Related Party	Nature of Relationship	Nature of contracts/ arrangements / transactions	Amount	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
1	Tata Capital Limited	Holding Company	a) Issue of Unsecured Perpetual Non Convertible Debentures as Tier-I Capital	10,000	Long Term	Yield @ 9.80% p.a.	–
			b) Issue of Compulsorily Convertible Cumulative Preference Shares ("CCCPS") as Tier-I Capital	16,000	9 years	Compulsorily Convertible into Equity Shares after completion of 9 years from the date of allotment or voluntary conversion at the option of the CCCPS holder; Rate of Dividend being 9% p.a.	–
			c) Inter Corporate Deposits ("ICD") accepted during the year	7,00,373	Tenor up to 1 year	Cost of Funds below bank borrowing rate	–
			d) ICDs repaid during the year	6,52,421	Tenor up to 1 year	Not Applicable	–
			e) Interest expense on ICDs during the year	6,453	Tenor up to 1 year	Cost of Funds below bank borrowing rate	–
			f) ICDs Outstanding - Payable	50,552	Tenor upto 1 year	Cost of Funds below bank borrowing rate	–
			g) Dividend paid during the year – Equity Shares	17,517	Not Applicable	Interim Dividend paid for FY 2014-15 during FY 2015-16, at the rate of Rs. 0.60 per Equity Share of Rs. 10 each of the Company. Interim Dividend paid for FY 2015-16 during FY 2015-16, at the rate of Rs. 0.75 per Equity Share of Rs. 10 each of the Company.	–

Sr. No.	Name of the Related Party	Nature of Relationship	Nature of contracts/ arrangements / transactions	Amount	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
			h) Security Deposit – Outstanding Receivable	4,665	Period of lease upto September 30, 2017	As per the Agreement entered into between the Company and TCL	–
			i) Non Convertible Subordinated Debentures – Outstanding Payable	5,000	10 years	Yield @ 9.37% p.a	–
2.	Tata Capital Housing Finance Limited	Fellow Subsidiary	Investment in Secured Non Convertible Debentures	3,000	Tenor is 7 to 8 years	Yield @ 8.70% p.a.	–
3.	Tata Business Support Services Limited (“TBSS”)	Fellow Subsidiary	Service Provider Charges	6,149	Tenor upto 5 years	Service Level Agreement and Manpower based agreement for Outsourcing services between the Company and TBSS. Key services provided by TBSS mainly includes File processing, Central Operations, Branch Operation, Field Investigation, Collection and Customer Call centre	–
4	Tata Consultancy Services Limited (“TCS”)	Fellow Subsidiary	Service Provider Charges	4,576	Tenor upto 4 years	Service Level Agreement for Information Technology services including Hardware and Software support for payment based on fixed run the business services (RTB) and variable per assignment services (CTB) between Company and TCS	–
5	TRIF Amritsar Projects Pvt. Ltd.	Fellow Subsidiary	Loan given redeemed during the year	4,910	Tenor upto 9 years	Coupon rate 12.40%	–
6	Taj Air Limited	Fellow Subsidiary	Loan – Outstanding Receivable	3,500	Tenor up to 5 years	Interest @ 11.25% p.a	–

Note: Appropriate approvals have been taken for Related Party Transactions

For and on behalf of the Board of Directors

Mumbai  
May 2, 2016

**Janki Ballabh**  
Director

**Praveen P. Kadle**  
Managing Director & CEO

## Annexure G

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

- i) CIN: U67100MH2010PLC210201
- ii) Registration Date (Date of Incorporation): November 19, 2010
- iii) Name of the Company: Tata Capital Financial Services Limited
- iv) a) Category: Company limited by shares  
b) Sub-Category of the Company: Indian Non-Government Company
- v) Address of the Registered Office and contact details:  
One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai – 400001, Maharashtra, India.  
Contact details:  
Tel: 91 22 6745 9000 / 91 22 6606 9000  
E-mail id: avan.doomasia@tatacapital.com
- vi) Whether listed company: Yes. As per Section 2(52) of the Companies Act, 2013, the Company is considered as a listed company since its debentures are listed on BSE Limited and the National Stock Exchange of India Limited.
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any

Non – Convertible Debentures issued to the Public	Non – Convertible Debentures issued on a Private Placement basis
Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel: +91 04067161500 Fax: +91 040 23420814 www.karvycomputershare.com e-mail: balaji.reddy@karvy.com	Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex, Behind Sakinaka Telephone Exchange, Kurla Andheri Road, Sakinaka, Mumbai - 400 072 Tel: 022-67720300, 67720400 Fax: 022-28508927 www.shareproservices.com e-mail: sachins@shareproservices.com

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Financing Activity	64920	91.56%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1	Tata Capital Limited One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai – 400 001	U65990MH1991PLC060670	Holding Company	100%	Section 2(46)
2	International Asset Reconstruction Company Private Limited 709, 7 <sup>th</sup> Floor, Ansal Bhawan, 16, Kasturba Gandhi Marg, New Delhi - 110001	U74999DL2002PTC117357	Associate Company	25.37%	Section 2(6)

#### IV. A. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	129,75,50,000	129,75,50,000	100	-	129,75,50,000	129,75,50,000	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>-</b>	<b>129,75,50,000</b>	<b>129,75,50,000</b>	<b>100</b>	<b>-</b>	<b>129,75,50,000</b>	<b>129,75,50,000</b>	<b>100</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>-</b>	<b>129,75,50,000</b>	<b>129,75,50,000</b>	<b>100</b>	<b>-</b>	<b>129,75,50,000</b>	<b>129,75,50,000</b>	<b>100</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	129,75,50,000	129,75,50,000	100	-	129,75,50,000	129,75,50,000	100	-

**(ii) Shareholding of Promoters (Equity Share Capital)**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Tata Capital Limited	129,75,50,000	100	-	129,75,50,000	100	-	-
	<b>Total</b>	<b>129,75,50,000</b>	<b>100</b>	<b>-</b>	<b>129,75,50,000</b>	<b>100</b>	<b>-</b>	<b>-</b>

**(iii) Change in Promoters' Shareholding (Equity Share Capital) (please specify, if there is no change)**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	129,75,50,000	100	129,75,50,000	100
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):	–	–	–	–
3.	At the end of the year	129,75,50,000	100	129,75,50,000	100

*There has been no change in the shareholding of the promoters during the year.*

**(iv) Shareholding Pattern (Equity Share Capital) of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	–	–	–	–
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.):	–	–	–	–
3.	At the end of the year (or on the date of separation, if separated during the year)	–	–	–	–

**(v) Shareholding (Equity Share Capital) of Directors and Key Managerial Personnel:**

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	–	–	–	–
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):	–	–	–	–
3.	At the end of the year	–	–	–	–

**IV. B. SHARE HOLDING PATTERN (Preference Share Capital Breakup as percentage of Total Preference)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	16,00,00,000	16,00,00,000	100	100
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	-	-	-	-	<b>16,00,00,000</b>	<b>16,00,00,000</b>	<b>100</b>	<b>100</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	-	-	-	-	<b>16,00,00,000</b>	<b>16,00,00,000</b>	<b>100</b>	<b>100</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	-	-	-	-	16,00,00,000	16,00,00,000	100	100

**(ii) Shareholding (Preference Share Capital) of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Tata Capital Limited	-	-	-	16,00,00,000	100	-	100
	<b>Total</b>	-	-	-	<b>16,00,00,000</b>	<b>100</b>	-	<b>100</b>

## (iii) Change in Promoters' Shareholding (Preference Share Capital) (please specify, if there is no change)

Sr. No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-	-	-	-
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):	-	-	September 29, 2015	Increase	Allotment of Preference Shares on Rights Basis	3,50,00,000	100
				March 23, 2016	Increase		12,50,00,000	100
3.	At the end of the year	-	-	-	-	-	16,00,00,000	100

## (iv) Shareholding Pattern (Preference Share Capital) of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.):	-	-	-	-
3.	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

## (v) Shareholding (Preference Share Capital) of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):	-	-	-	-
3.	At the end of the year	-	-	-	-

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness At the beginning of the financial year</b>				
i) Principal Amount	15,69,363	5,55,295	7,815	21,32,473
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	50,943	4,080	–	55,024
<b>Total (i+ii+iii)</b>	<b>16,20,306</b>	<b>5,59,375</b>	<b>7,815</b>	<b>21,87,497</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	9,29,384	21,07,900	7,00,373	37,37,657
• Reduction	(8,80,890)	(17,85,450)	(6,56,921)	(33,23,261)
<b>Net Change</b>	<b>48,494</b>	<b>3,22,450</b>	<b>43,452</b>	<b>4,14,396</b>
<b>Indebtedness At the end of the financial year</b>				
i) Principal Amount	16,17,857	8,77,745	51,267	25,46,869
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	68,508	8,410	–	76,918
<b>Total (i+ii+iii)</b>	<b>16,86,365</b>	<b>8,86,155</b>	<b>51,267</b>	<b>26,23,787</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary	–	–
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961		
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961		
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of profit - others, specify...	–	–
5.	Others, please specify	–	–
	<b>Total (A)</b>	<b>–</b>	<b>–</b>
	Ceiling as per the Act	–	2,766.85

**Note:**

Mr. Praveen P. Kadle, Managing Director & CEO, is also the Managing Director & CEO of Tata Capital Limited ("TCL"), the holding company and his entire remuneration is borne by TCL.



**B. Remuneration to other Directors:**

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Name of the Directors			Total Amount
		Mr. Janki Ballabh	Mr. Pranab Kumar Choudhury	Mr. Mukund S. Dharmadhikari	
1.	Independent Directors				
	• Fee for attending board / committee meetings	13.80	9.90	7.50	31.20
	• Commission	18.00	3.11	3.11	24.22
	• Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>31.80</b>	<b>13.01</b>	<b>10.61</b>	<b>55.42</b>
2.	Other Non-Executive Directors	Mr. Madhusudan Kannan	Ms. Anuradha E. Thakur	Mr. F. N. Subedar	
	• Fee for attending board / committee meetings	1.20	11.10	4.00	16.30
	• Commission	-	3.11	18.00	21.11
	• Others, please specify	-	-	-	-
	<b>Total (2)</b>	<b>1.20</b>	<b>14.21</b>	<b>22.00</b>	<b>37.41</b>
	<b>Total (B)=(1+2)</b>				<b>92.83</b>
	Total Managerial Remuneration				92.83
	Overall Ceiling as per the Act				6,087.07

**Notes:**

- The Remuneration details as mentioned above include sitting fees paid in FY 2015-16 and commission paid for FY 2014-15 in FY 2015-16.
- Mr. Madhusudan Kannan was appointed as an Additional Director w.e.f. June 30, 2015.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Ms. Avan Doomasia, Company Secretary	Mr. Puneet Sharma, CFO	Total
1.	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961				
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes:**

1. Mr. Praveen P. Kadle, Managing Director & CEO, is also the Managing Director & CEO of Tata Capital Limited ("TCL"), the holding company and his entire remuneration is borne by TCL.
2. Mr. Puneet Sharma, Chief Financial Officer, is also the Chief Financial Officer of TCL, the holding company and his entire remuneration is borne by TCL.
3. Ms. Avan K. Doomasia, Company Secretary, is also the Company Secretary of TCL, the holding company and her entire remuneration is borne by TCL.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>B. DIRECTORS</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

## Annexure H

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

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

The ratio of remuneration of each Director to the median remuneration of the employees of the Company for FY 2015-16 is, as under:

Name of Director(s)	Ratio to Median
Mr. Janki Ballabh	4.14:1
Mr. F. N. Subedar	2.86:1
Mr. Pranab Kumar Choudhury	1.69:1
Mr. Mukund S. Dharmadhikari	1.38:1
Ms. Anuradha E. Thakur	1.85:1
Mr. Madhusudan Kannan	0.16:1

Mr. Praveen P. Kadle is the Managing Director & CEO of the Company and Tata Capital Limited ("TCL"), the holding company. Mr. Kadle does not draw any remuneration from the Company and his entire remuneration is borne by TCL. In view of the above, the ratio of his remuneration to the median remuneration of employees, has not been computed.

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

The percentage increase in remuneration of the Directors in FY 2015-16 is, given below:

Name of Director(s)	% Increase in Remuneration
Mr. Janki Ballabh	5.3%
Mr. F. N. Subedar	(10%)
Mr. Pranab Kumar Choudhury <sup>1</sup>	478.1%
Mr. Mukund S. Dharmadhikari <sup>1</sup>	489.3%
Ms. Anuradha E. Thakur <sup>1</sup>	457.1%
Mr. Madhusudan Kannan <sup>2</sup>	—

Note:

- Since Mr. Pranab Kumar Choudhury, Mr. Mukund S. Dharmadhikari and Ms. Anuradha E. Thakur joined with effect from January 28, 2015, the remuneration for 2014-15 and 2015-16 are not comparable.
- Mr. Madhusudan Kannan was appointed on June 30, 2015.

Mr. Praveen P. Kadle is the Managing Director & CEO of the Company and TCL and does not draw any remuneration from the Company. His entire remuneration is borne by TCL.

Mr. Puneet Sharma is the Chief Financial Officer of the Company and TCL and does not draw any remuneration from the Company. His entire remuneration is borne by TCL.

Ms. Avan Doomasia is the Company Secretary of the Company and TCL and does not draw any remuneration from the Company. Her entire remuneration is borne by TCL.

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

There is a decrease in the median remuneration of employees in FY 2015-16 by 5.1% as compared to FY 2014-15.

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

The permanent employees on the rolls of the Company as on March 31, 2016, were 1,715.

**5. The explanation on the relationship between average increase in remuneration and Company performance.**

The average increase in remuneration of the employees for FY 2015-16 is 12.5%. The Profit before Tax increased from ₹ 250 crore in FY 2014-15 to ₹ 390 crore in FY 2015-16, an increase of about 56 %. The Company and Business Unit / Functional performance are measured against Annual Budgets / targets, set as per the Balanced Score Card (BSC).

Individual performance is measured against Key Result Areas (KRA) set at the beginning of year after considering any revision of target over the year. The rating of Annual Performance review is considered for the purpose of computing the Performance Pay. Rating is on a 5 point scale.

Consistent with the principle of differential influence that an employee may have on the overall performance of the Company, different weights are assigned for the Company's performance, the performance of Business Units / Functions and the performance of individuals. Thus, employees in entry level / junior management, have greater weightage for individual performance while employees in senior leadership roles, have maximum weightage for Company and Business Unit Performance.

**6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.**

Mr. Praveen P. Kadle, Managing Director & CEO, Mr. Puneet Sharma, Chief Financial Officer and Ms. Avan Doomasia, Company Secretary do not receive any remuneration from the Company, since their entire remuneration is borne by TCL. Hence, their remuneration has not been considered while comparing with the performance of the Company.

**7. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the networth of the Company as at the close of the current financial year and previous financial year.**

TCFSL is a listed company, by virtue of its debentures being listed. The debentures are listed on the National Stock Exchange of India Limited and BSE Limited. The Company's Equity Shares are not listed. Details of variation in the Networth of the company is given below:

(₹ in crore)

Particulars	As on March 31, 2016	As on March 31, 2015	Variation
Networth	3,463	3,203	8.12%

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

The average percentage increase in the salaries of employees other than that of managerial personnel is 12.5% as compared to that of the percentage increase in the overall managerial remuneration of 51.5%. While the managerial person does not take any remuneration from the Company, the percentage increase in the managerial remuneration can be primarily attributed to the increase in Commission and also the Sitting Fees paid to the Non-Executive Directors, on account of increase in the number of meetings of the Board and its Committees.

**9. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.**

For details, please refer to point no. 6 above.

**10. Key parameters for any variable components of remuneration availed by the Directors.**

The key parameters for variable components of remuneration availed by Non - Executive Directors and Independent Directors is based on the Company's performance, profits, returns to investors as also the criteria combining attendance at Meetings, contribution thereat and contribution other than at Meetings.

Mr. Praveen P. Kadle, Managing Director & CEO, does not receive any remuneration from the Company. Hence, key parameters for variable component of remuneration availed by the Managing Director & CEO, is not applicable.

**11. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.**

Mr. Janki Ballabh, Independent Director, is the highest paid Director. The remuneration of Mr. Ballabh comprises Sitting Fees and Commission. Mr. Praveen P. Kadle, Managing Director & CEO, does not receive any remuneration from the Company since his entire remuneration is borne by TCL.

The remuneration received by Mr. Ballabh in FY 2015-16 is ₹ 31,80,000. The ratio of the remuneration of Mr. Ballabh to that of the employees who are not Directors but receive remuneration in excess of Mr. Ballabh during FY 2015-16 are, as under:

Particulars	Ratio
Ratio of Remuneration of the highest paid Director to that of the highest paid employee, who received remuneration in excess of the highest paid Director	1:6.06
Ratio of Remuneration of the highest paid Director to that of the Median Remuneration of employees, who received Remuneration in excess of the highest paid Director	1:0.76

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry structure and developments

Please refer to Para 2 of the Directors' Report.

### 2. Opportunities and Threats

NBFC sector in India is large with significant growth potential and has consistently created value for its shareholders. The NBFC sector has a 13% credit share, gaining 3% market share from banks over the last 10 years. The growth in the sector appears sustainable as India has a low GDP to credit penetration. Further, many structural factors are supportive of NBFC growth namely weak banks, RBI initiatives on policy alignment and latent credit demand in certain segments not catered to by banks. The sector has been delivering approximately 1.5% to 2% better ROEs as compared to select banks over the last 10 years. In order for the sector to sustain its advantages, companies in the sector need to grow in a prudent manner while focusing on financial innovation, analytics and adequate risk management systems and procedures.

The Reserve Bank of India constantly issues new regulations and / or modifies existing regulations endeavouring to balance the multiple objectives of financial stability, consumer and depositor protection and regulatory arbitrage concerns. The RBI, however, implements major changes in a structured manner providing companies operating in the sector adequate time to adapt and adjust.

The Company is amongst the few NBFCs that offers a full range of Retail and Corporate products and services. A balance in the mix of the portfolio and leveraging the cross-sell potential enables the Company to emerge as a preferred partner for all financial needs of the customer. We believe our digital assets across social, mobile and web providing reach, operating efficiency and improved customer experience will be an opportunity for us to capitalize on in the coming years.

Asset quality deterioration may not only wipe the profits out of the Company but eat into its network. The Company, therefore, needs to ensure that it maintains minimal delinquency levels. It will be critical to retain talent at the right cost for effectively building a high performance organization with an engaged and young workforce.

Adequate funding, at the right cost and tenure will be critical to achieve business growth.

Newer regulatory updates pose a constant challenge for smooth operations of the Company. The Company needs to be equipped to quickly adapt to the constant changes in regulations and competitive landscape. With new entities like the payment banks, small banks, new universal banks entering the market place, the Company needs to maintain its competitive edge through constant adaptation and creating strategies to protect its niche.

### 3. Segment-wise or product-wise performance of the Company

Please refer to Para 6 of the Directors' Report.

### 4. Outlook

The Outlook of the Company for the year ahead is to diversify risk and stabilize its asset quality. There is a clear shift in portfolio from wholesale to retail. The Corporate Finance Division will adopt a cautious approach and focus on key customer relationships and Tata eco system lending. This division will look to grow its supply chain, structured finance and leasing business. A specialized Remedial team will focus on the recovery and rehabilitation of non performing assets. The Consumer Finance Division will focus on changing its product mix and improving penetration in high yielding segments. The Rural Finance Business is a thrust area and it shall increase its geographic presence and focus on the agri and allied business strategy. The Company, as a whole, will focus on cross selling opportunities, digital and analytics.

### 5. Risks and Concerns

Credit risk, Market risk, Operational risk and Liquidity risk are the key risks faced by the Company.

The Company has formulated a robust Enterprise-wide Risk Management program which involves risk identification, assessment and risk mitigation planning for business, strategic, operational, financial and compliance related risks. The ERM framework has been deployed across various processes in the organisation



and is governed by the corporate risk office. A robust internal check process is deployed to prevent and limit risk of noncompliance. Risks are identified at the time of business planning and quantified using scenario planning.

The Company takes risk management seriously and its procedures and policies in the area are well defined and considered appropriate for the assessment and management of individual risk categories. The Company has a well qualified and experienced Risk Management and Treasury team to manage the same.

Except for some unforeseen and extreme event, the Company is well placed on the liquidity front and appropriate policies exist for underwriting credit risk. The Company endeavours to continuously learn and modify its policies to manage the aforementioned risks.

The Risk Committee of the Board periodically reviews compliance with policy and procedures set out by the Company.

**6. Internal control systems and their adequacy**

Please refer to Para 11 of the Directors' Report.

**7. Discussion on financial performance with respect to operational performance**

Please refer to Para 3 of the Directors' Report.

**8. Material developments in Human Resources / Industrial Relations front, including number of people employed**

Please refer to Para 15 of the Directors' Report.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF TATA CAPITAL FINANCIAL SERVICES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of TATA CAPITAL FINANCIAL SERVICES LIMITED (the "Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e. On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact on its financial position in its financial statements except, as disclosed in Note no. 28 of the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts as at year end for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Reg. No. 117366W/W-100018)

**Rupen K. Bhatt**  
Partner  
(Membership No. 46930)

MUMBAI,  
May 2, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)  
**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of TATA CAPITAL FINANCIAL SERVICES LIMITED (the “Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

### **Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Reg. No. 117366W/W-100018)

**Rupen K. Bhatt**  
Partner  
(Membership No. 46930)

MUMBAI,  
May 2, 2016

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) According to the information and explanations given to us, the Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals.
- (vi) To the best our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Service Tax, Provident Fund, Employees’ State Insurance, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Income-tax, Service Tax, Provident Fund, Employees’ State Insurance, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income-tax, Value Added Tax and Service Tax as on March 31, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount in ₹
Income Tax Act, 1961	Income Tax	CIT(A)	A.Y. 2013-14	392,919,090
Department of Commercial Taxes	Value Added Tax – Tamil Nadu	Deputy Commissioner	F.Y. 2012-13	63,127
Department of Commercial Taxes	Value Added Tax – Uttar Pradesh	Assessment Officer	F.Y. 2012-13	3,072,876

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not taken any loan from government and financial institution.
- (ix) In our opinion and according to the information and explanations given to us, the money raised by way of the term loans and debentures have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer/ further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Reg. No. 117366W/W-100018)

**Rupen K. Bhatt**  
Partner  
(Membership No. 46930)

MUMBAI,  
May 2, 2016



## BALANCE SHEET AS AT MARCH 31, 2016

(₹ in Lakh)

PARTICULARS	Note No.	As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share Capital	3	145,755	129,755
(b) Reserves and Surplus	4	213,309	198,668
		<b>359,064</b>	<b>328,423</b>
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	5	1,185,472	1,007,462
(b) Other long-term liabilities	6	13,513	11,298
(c) Long-term provisions	7	4,448	3,180
		<b>1,203,433</b>	<b>1,021,940</b>
<b>3. Current liabilities</b>			
(a) Short-term borrowings	8	973,269	707,776
(b) Trade payables	9		
(i) Total outstanding dues of micro enterprises and small enterprises	9(a)	–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		38,984	26,584
(c) Other current liabilities	10	471,770	482,129
(d) Short-term provisions	11	12,482	6,771
		<b>1,496,505</b>	<b>1,223,260</b>
<b>TOTAL</b>		<b>3,059,002</b>	<b>2,573,623</b>
<b>II. ASSETS</b>			
<b>1. Non-Current assets</b>			
(a) Fixed Assets	12		
(i) Tangible assets		62,218	49,902
(ii) Intangible assets		8,705	8,705
(iii) Capital work-in-progress		149	663
(iv) Intangible assets under development		240	–
		<b>71,312</b>	<b>59,270</b>
(b) Non-current investments	13	90,304	88,685
(c) Deferred tax assets (net)	14	21,811	15,841
(d) Long-term Loans and advances – financing activity	15	1,361,040	1,048,487
(e) Long-term Loans and advances – others	16	26,593	18,898
(f) Other non-current assets	17	5,489	3,666
		<b>1,505,237</b>	<b>1,175,577</b>
<b>2. Current assets</b>			
(a) Current investments	13	2,924	1,048
(b) Trade receivables	18	1,420	1,213
(c) Cash and bank balances	19	4,498	4,359
(d) Short-term Loans and advances – financing activity	15	1,450,411	1,306,142
(e) Short-term Loans and advances – others	20	11,444	16,228
(f) Other current assets	21	11,756	9,786
		<b>1,482,453</b>	<b>1,338,776</b>
<b>TOTAL</b>		<b>3,059,002</b>	<b>2,573,623</b>
See accompanying notes forming part of the financial statements	1-47		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered AccountantsJanki Ballabh  
(Director)Pranab Kumar Choudhury  
(Director)Mukund S. Dharmadhikari  
(Director)Rupen K Bhatt  
PartnerAnuradha E. Thakur  
(Director)Praveen P. Kadle  
(Managing Director & CEO)Puneet Sharma  
(Chief Financial Officer)Mumbai  
Date : May 2, 2016Avan Doomasia  
(Company Secretary)

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lakh)

PARTICULARS	Note No.	For the Year ended March 31, 2016	For the Year ended March 31, 2015
<b>I</b> Revenue from operations	22	317,824	279,036
<b>II</b> Investment income	23	6,155	9,915
<b>III</b> Other income	24	23,155	17,588
<b>IV Total Revenue (I + II + III)</b>		<b>347,134</b>	<b>306,539</b>
<b>V Expenses :</b>			
Finance costs	25	194,116	181,944
Employee benefit expenses	26	27,809	21,699
Other operating expenses	27	73,841	67,261
Depreciation and amortisation	12	11,777	9,511
Amortisation of expenses	21 (a)	543	1,091
<b>Total expenses</b>		<b>308,086</b>	<b>281,506</b>
<b>VI Profit before tax (IV – V)</b>		<b>39,048</b>	<b>25,033</b>
<b>VII Tax expense:</b>			
(1) Current tax		18,438	14,909
(2) Deferred tax		(5,969)	(8,609)
<b>Net tax expense</b>		<b>12,469</b>	<b>6,300</b>
<b>VIII Profit for the year (VI – VII)</b>		<b>26,579</b>	<b>18,733</b>
<b>IX Earnings per equity share:</b>	32		
(1) Basic (in Rupees)		2.03	1.44
(2) Diluted (in Rupees)		2.03	1.44
Face Value per share (Amount in Rupees)		10	10
See accompanying notes forming part of the financial statements	1–47		

In terms of our report attached

For and on behalf of the Board of Directors

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Janki Ballabh**  
(Director)

**Pranab Kumar Choudhury**  
(Director)

**Mukund S. Dharmadhikari**  
(Director)

**Rupen K Bhatt**  
Partner

**Anuradha E. Thakur**  
(Director)

**Praveen P. Kadle**  
(Managing Director & CEO)

**Puneet Sharma**  
(Chief Financial Officer)

Mumbai  
Date : May 2, 2016

**Avan Doomasia**  
(Company Secretary)

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lakh)

PARTICULARS	Note No.	For the Year ended March 31, 2016	For the Year ended March 31, 2015
<b>1 CASH FLOW USED IN OPERATING ACTIVITIES</b>			
Profit before tax		39,048	25,033
<b>Adjustments for :</b>			
Amortisation of share/debenture issue expenses/loan processing expenses		543	1,091
Depreciation and amortisation		11,777	9,511
Loss on sale of fixed assets (net)		919	2
Interest expenses		155,063	137,024
Discounting charges on commercial paper		35,835	42,384
Discounting charges on Collateralised Borrowings and Lending Obligations (CBLO)		2,847	1,748
Discounting charges on debentures		371	788
Interest income		(294,498)	(260,014)
Income from investments		(6,155)	(9,915)
Loss on sale of investment		–	1,073
Provision for leave encashment		70	152
Reversal of provision for diminution in value of investments (net)		(2,729)	(6,593)
Contingent provision against standard assets		2,467	460
Contingent (reversal) / provision against restructured advances (net)		(429)	369
Provision against assets held for sale		200	89
Provision for doubtful loans (net)		33,582	39,640
<b>Operating Loss before working capital changes and adjustments for interest received, interest paid and dividend received</b>		<b>(21,089)</b>	<b>(17,158)</b>
<b>Adjustments for :</b>			
(Increase) / Decrease in trade receivables		(207)	631
Increase in Loans and advances – financing activity		(480,099)	(251,272)
Increase in Loans and advances – others		(2,138)	(4,595)
Increase in other liabilities and provisions		16,355	9,037
<b>Cash used in operations before adjustments for interest received, interest paid and dividend received</b>		<b>(487,179)</b>	<b>(263,357)</b>
Interest paid		(172,173)	(174,977)
Interest received		294,220	260,357
Dividend received		640	851
Cash used in operations		(364,492)	(177,126)
Taxes paid		(18,380)	(15,160)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(382,872)</b>	<b>(192,286)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lakh)

PARTICULARS	Note No.	For the Year ended March 31, 2016	For the Year ended March 31, 2015
<b>2 CASH FLOW USED IN INVESTING ACTIVITIES</b>			
Purchase of fixed assets (including capital advances)		(29,310)	(33,528)
Proceeds from sale of fixed assets		1,595	2,135
Purchase of long-term investments		(2,372)	(43,751)
Purchase of mutual fund units		(2,879,500)	(3,079,000)
Proceeds from redemption of mutual fund units		2,880,411	3,079,616
Proceeds from sale of long-term investments		2,445	30,218
Fixed deposits with banks having maturity over 3 months		(2)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(26,732)</b>	<b>(44,310)</b>
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of Compulsory Convertible Cumulative Preference share capital		16,000	-
Debenture issue / loan processing expenses		(725)	(392)
Interim dividend paid on equity and preference shares (including dividend distribution tax)		(21,280)	(7,591)
Net proceeds from short-term borrowings		265,816	64,774
Proceeds from long-term borrowings		697,320	791,400
Repayment of long-term borrowings		(547,390)	(633,250)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>409,741</b>	<b>214,941</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>137</b>	<b>(21,655)</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR</b>		<b>4,358</b>	<b>26,013</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR</b>		<b>4,495</b>	<b>4,358</b>
<b>Reconciliation of cash and cash equivalents as above with cash and bank balances</b>			
Cash and Cash equivalents at the end of the year as per above		4,495	4,358
Add : Restricted Cash		1	1
Add: Fixed deposits with original maturity over 3 months		2	-
<b>CASH AND BANK BALANCES AS AT THE END OF THE YEAR [REFER NOTE NO. 19]</b>		<b>4,498</b>	<b>4,359</b>
See accompanying notes forming part of the financial statements	1-47		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Janki Ballabh  
(Director)

Pranab Kumar Choudhury  
(Director)

Mukund S. Dharmadhikari  
(Director)

Rupen K Bhatt  
Partner

Anuradha E. Thakur  
(Director)

Praveen P. Kadle  
(Managing Director & CEO)

Puneet Sharma  
(Chief Financial Officer)

Mumbai  
Date : May 2, 2016

Avan Doomasia  
(Company Secretary)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****1. CORPORATE INFORMATION**

Tata Capital Financial Services Limited 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. Basis for preparation of accounts**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act 2013 (the "Act"), as applicable. Further, the Company follows the Reserve Bank of India (RBI) Directions issued for Non-Banking Financial Companies (NBFC). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Current assets do not include elements which are not expected to be realised within one year and current liabilities do not include items which are due after one year.

**ii. Use of Estimates**

The preparation of financial statements require the management of the Company to make estimates and assumptions 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 management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods. Example of such estimates includes provision for non – performing loans, provision for employee benefit plans and provision for income taxes.

**iii. Revenue recognition****a. Income on Loan transactions**

Income on loan transactions is accounted for by using the internal rate of return method. Consequently, a constant rate of return on net outstanding amount is accrued over the period of the contract, except that no income is recognised on non-performing assets as per the prudential norms for income recognition issued by the RBI for NBFCs. Interest income on such assets is recognised on receipt basis.

In respect of non-performing assets acquired from other NBFCs / Banks / Companies, aggregate collections in excess of the consideration paid on acquisition of the portfolio of assets is treated as income.

Upfront / processing fees collected from the customer for processing loans are primarily towards documentation charges. This is accounted as income when the amount becomes due provided recovery thereof is certain.

Dealer subvention income and service charges are collected at the time of inception of the contract. This is accounted over the tenure of the loan in the proportion of interest earned to total interest receivable during the tenure of loan.

Income from sale / assignment of loan assets is recognised at the time of sale.

**b. Income from Current and Long-term Investments**

Income from dividend on shares of corporate bodies and units of mutual funds is accounted on accrual basis when the Company's right to receive dividend is established.

Interest income on bonds and debentures is accounted on accrual basis.

Premium / Discount on investments, which is the difference between the acquisition cost and face value of debt instrument is recognised as interest income over the tenor of the instruments.

Redemption premium on investments (except on preference shares) is recognised as income over the tenor of the investment.

**c. Income from Advisory Services**

Fees for financial advisory services are accounted based on stage of completion of assignments, when there is reasonable certainty of its ultimate realisation.

**d. Income from distribution of financial products**

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 taxes and sub-brokerage.

Sourcing income is recognised on accrual basis when there is a reasonable certainty of its ultimate realisation.

**iv. Provisions for Standard / Non Performing Assets and Doubtful Debts**

The Company provides an allowance for loan receivables and debentures / bonds in the nature of advance based on the prudential norms issued by the RBI relating to income recognition, asset classification and provisioning for non-performing assets except for construction equipment, auto and personal loan portfolio where in addition to the provisioning as per RBI norms, the Company also provides for / writes off the entire receivables, where any of the installments are overdue for a period exceeding 11 months.

In addition, the Company provides for Restructured Assets (Including Standard Assets) as required by the directions issued by the RBI.

**v. Investments**

Investments are classified into long-term investments and current investments.

**a. Long-term investments**

Long-term investments are stated at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of such investments.

**b. Current investments**

Current investments are stated at the lower of cost or market value, determined on an individual investment basis.

**vi. Fixed Assets**

**a. Tangible:**

Fixed assets are stated at cost of acquisition including any cost attributable for bringing asset to its working condition, which comprises of purchase consideration and other directly attributable costs of bringing the assets to their working condition for their intended use less accumulated depreciation.

Foreign exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, have been added to or deducted from the cost of the asset and is depreciated over the balance life of the asset.

The Company has adopted the provisions of para 46 / 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets

**b. Intangible:**

Acquired intangible assets other than Goodwill are measured at cost less amortisation.

Goodwill is stated at cost. Goodwill comprises the portion of a purchase price for an acquisition that exceeds the market value of the identifiable assets, with deductions for liabilities, calculated on the date of acquisition.

Expenses on software support and maintenance are charged to the Statement of Profit and Loss during the year in which such costs are incurred.

**c. Capital work-in-progress:**

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**vii. Depreciation and Amortisation**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Buildings, Computer Equipment and Vehicles, in whose case the life of the assets has been assessed based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, etc.

Purchased software / licenses are amortised over the period the benefits are expected to accrue, while Goodwill is tested for impairment at each Balance Sheet date. An impairment loss is recognised if the carrying amount of Goodwill exceeds its recoverable amount.

All capital assets with individual value less than Rs 5,000 are depreciated fully in the year in which they are purchased.

Estimated useful life considered by the Company are:

Asset	Estimated Useful Life
Leasehold Improvements	Lease Period (ranging from 1 to 9 years)
Construction Equipment	7 to 15 years
Furniture and Fixtures	Owned : 10 years
	Leased : 9 to 10 years
Computer Equipment	Owned : 3 to 4 years
	Leased: 2 to 5 years
Office Equipment	Owned : 5 years
	Leased : 2 to 5 years
Vehicles	Owned : 4 years
	Leased : 4 years
Software Licenses	Owned : 4 to 10 years
	Leased : 0 to 5 years
Buildings	25 years
Plant & Machinery	Owned : 10 years
	Leased : 4 to 15 years
Railway Wagons	Leased : 15 years
Electrical Installation & Equipments	Leased : 9 years
Networking Assets	2 to 5 years

**viii. Leases**

Leases are classified as operating leases where significant portion of risks and reward of ownership of assets acquired under lease is retained by the lessor.

Assets given on operating lease are capitalised at cost. Rentals received or receivable by the Company are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term, provided recovery is certain.



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.

**ix. Assets held for sale**

An asset is classified as held for sale if its carrying amount will be recovered or settled principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of carrying amount and fair value. In the event an asset held for sale is acquired in settlement of an existing claim or existing asset, it is initially recorded in the books at its fair value or value of the asset given up, whichever is better determined. Impairment losses on initial classification as held for sale and losses on subsequent re-measurements are charged to the Statement of Profit and Loss. No depreciation is charged on assets classified as held for sale.

**x. Deferred revenue expenditure**

Share issue expenses are amortised over a period of 36 months from the month in which the Company has incurred the expenditure.

Ancillary costs in the nature of loan processing charges and debenture issue expenses are amortised over the tenor of the loan / debenture from the month in which the Company has incurred the expenditure.

Sourcing costs are amortised over the average tenor of the loan which varies based on products financed.

**xi. Employee Benefits**

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, 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 during the year. 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 shortfall in the fund assets based on the government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year incurred.

The Company's contribution to superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense 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. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. 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.

**xii. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the Company has present obligations, as result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation. Contingent liabilities are not recognised but disclosed in the financial statements. A Contingent asset is neither recognised nor disclosed in the financial statements.

**xiii. Impairment of Assets**

At each Balance Sheet date, the Company reviews whether there is any indication of impairment of assets. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

Recoverable amount of the asset is the higher of an asset's net selling price and value in use. In assessing the value in use, the estimated future cash flow expected from continuing use of the asset and from its disposal is discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific to the asset.

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

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased above the lower of recoverable amount and the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**xiv. Foreign currency transactions and translations**

**Accounting of forward contracts :-**

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

**Initial recognition:-**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

**Measurement at the Balance Sheet date:-**

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

**xv. Taxation****Income Tax**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provision of the Income Tax Act, 1961 and the other applicable tax laws.

Deferred tax corresponds to the net effect of tax on all timing differences, which occur as a result of items being allowed for income tax purposes during a year different from when they were recognised in the financial statements.

Deferred tax is recognised on the timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward losses and items relating to capital losses, Deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and Deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit & Loss.

**xvi. Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

**xvii. Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.

**xviii. Business segment**

The Company's reportable segments consist of "Financing Activity", "Investment Activity" and "Others". The "Financing Activity" segment consists of asset financing, term loans (corporate and retail), channel financing 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 reportable 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 unallocable expenses.

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

**xix. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**xx. Earnings Per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**NOTES TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2016**
**3. SHARE CAPITAL**

(₹ in Lakh)

<b>PARTICULARS</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>AUTHORISED</b>		
2,500,000,000 (as at March 31, 2015: 2,500,000,000 shares) Equity shares of ₹10 each	<b>250,000</b>	250,000
1,000,000,000 (as at March 31, 2015: Nil shares) Preference shares of ₹10 each	<b>100,000</b>	–
	<b>350,000</b>	<b>250,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
1,297,550,000 (as at March 31, 2015: 1,297,550,000 shares) Equity shares of ₹10 each fully paid up	<b>129,755</b>	129,755
160,000,000 (as at March 31, 2015: NIL shares) 9% Compulsorily Convertible Cumulative Preference shares of ₹10 each fully paid up	<b>16,000</b>	–
<b>Total</b>	<b>145,755</b>	<b>129,755</b>

**(a) Reconciliation of number of shares outstanding**

<b>PARTICULARS</b>	<b>No. of shares</b>	<b>₹ in Lakh</b>
<b>Opening Share Capital as on April 01, 2014</b>	<b>1,297,550,000</b>	<b>129,755</b>
<b>Additions during the year</b>		
Equity Share Capital	–	–
<b>Closing Share Capital as on March 31, 2015</b>	<b>1,297,550,000</b>	<b>129,755</b>
Equity Shares Face Value ₹ 10 fully paid up		
<b>Additions during the year</b>		
9% Preference Shares Capital (Preference shares of ₹ 10 each, compulsorily convertible after 9 years)	<b>160,000,000</b>	<b>16,000</b>
<b>Closing Share Capital as on March 31, 2016</b>		
Equity Shares Face Value ₹ 10 fully paid up	<b>1,297,550,000</b>	<b>129,755</b>
9% Preference Shares Face Value ₹ 10 fully paid up	<b>160,000,000</b>	<b>16,000</b>

**(b) Rights, preferences and restrictions attached to shares**

Equity Shares : The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders 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.

Preference Shares : The Company has issued 160,000,000, 9% Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of face value ₹ 10/- each, convertible after 9 years from the date of issue. However, CCCPS holders have an option to convert into equity share at an earlier date. 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 the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Preference Shareholders are eligible to receive the remaining assets of the Company before distribution to the Equity Shareholders, in proportion to their shareholding.

Tranch-wise due date details for Compulsorily Convertible Cumulative Preference Shares ("CCPS")

<b>Date of Allotment</b>	<b>Date of Conversion</b>	<b>₹ in Lakh</b>
29-Sep-15	29-Sep-24	3,500
23-Mar-16	23-Mar-25	12,500
<b>Total</b>		<b>16,000</b>

- (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	₹ in Lakh
<b>Tata Capital Limited (Holding Company)</b>			
<b>Equity Shares</b>	Opening Balance as on April 1, 2014	1,297,550,000	129,755
	Closing Balance as on March 31, 2015	1,297,550,000	129,755
	<b>Closing Balance as on March 31, 2016</b>	<b>1,297,550,000</b>	<b>129,755</b>
<b>Preference Shares</b>	Opening Balance as on April 1, 2014	–	–
	Closing Balance as on March 31, 2015	–	–
	Right issue during the FY 2015–16	160,000,000	16,000
	<b>Closing Balance as on March 31, 2016</b>	<b>160,000,000</b>	<b>16,000</b>

#### 4. RESERVES AND SURPLUS

(₹ in Lakh)

PARTICULARS	As at		As at	
	March 31, 2016		March 31, 2015	
<b>(a) Securities Premium Account</b>				
Opening Balance		129,500		129,500
<b>Closing Balance</b>		<b>129,500</b>		<b>129,500</b>
<b>(b) Debenture Redemption Reserve</b>				
Opening Balance		30,000		30,000
<b>Closing Balance</b>		<b>30,000</b>		<b>30,000</b>
<b>(c) Special Reserve Account</b>				
Opening Balance		16,114		12,339
Add: Transfer from Surplus in the Statement of Profit and Loss (Refer Note No. 4(a) below)		5,317		3,775
<b>Closing Balance</b>		<b>21,431</b>		<b>16,114</b>
<b>(d) Surplus in Statement of Profit and Loss</b>				
Opening Balance		23,054		17,438
Add: Profit for the year		26,579		18,733
<b>Amount available for Appropriations</b>		<b>49,633</b>		<b>36,171</b>
<b>Less : Appropriations</b>				
– Transfer to Special Reserve Account	5,317		3,775	
– Interim Dividend (Refer Note No. 4(b) and 4(c) below)	9,919		7,785	
– Tax on Interim Dividend (Refer Note No. 4(b) and 4(c) below)	2,019	17,255	1,557	13,117
<b>Closing Balance</b>		<b>32,378</b>		<b>23,054</b>
<b>TOTAL – RESERVES AND SURPLUS</b>		<b>213,309</b>		<b>198,668</b>

#### Notes:

The amounts appropriated out of the surplus in the Statement of Profit and Loss are as under:

- ₹ 5,317 Lakh (Previous Year: ₹ 3,775 Lakh) to Special Reserve as prescribed by section 45–IC of the Reserve Bank of India Act, 1934, being 20% of the profit after taxes for the year.
- During the year ended March 31, 2016, the Company has declared and paid an interim dividend of ₹ 0.75 per share (Previous Year : ₹ 0.60 per share) aggregating to ₹ 9,732 Lakh (Previous Year : ₹ 7,785 Lakh) and dividend distribution tax thereon of ₹ 1,981 Lakh (Previous Year : ₹ 1,557 Lakh).
- During the year ended March 31, 2016, the Company has declared and paid an interim dividend for financial year 2015–16 on Compulsorily Convertible Cumulative Preference Shares aggregating to ₹ 187 Lakh (Previous Year : Nil) and dividend distribution tax thereon of ₹ 38 Lakh (Previous Year : Nil).

**5. LONG-TERM BORROWINGS**

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
<b>(a) Debentures</b>		
<b>Secured</b>		
Privately Placed Non-Convertible Debentures (Refer Note Nos. 5.1 and 5.5 below)	752,100	603,460
Public issue of Non-Convertible Debentures (Refer Note Nos. 5.2 and 5.6 below)	28,818	28,818
<b>Unsecured</b>		
Non-Convertible Subordinated Debentures (Refer Note No.5.7 below) [Net of unamortised discount of ₹ 1,706 Lakh (as at March 31, 2015 : ₹ 2,076 Lakh)]	158,839	129,469
Non-Convertible Perpetual Debentures (Refer Note No. 5.8 below)	50,000	10,000
Privately Placed Non-Convertible Debentures (Refer Note No. 5.9)	35,000	–
<b>(b) Term loans</b>		
<b>Secured</b>		
From Banks (Refer Note Nos. 5.3 and 5.4 below)	90,000	175,000
<b>Unsecured</b>		
From Banks (Refer Note No. 5.4 below)	70,000	60,000
<b>(c) Other loans and advances</b>		
<b>Unsecured</b>		
Inter Corporate Deposits from others	715	715
<b>Total</b>	<b>1,185,472</b>	<b>1,007,462</b>

**Notes**

- 5.1. 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.
- 5.2. 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.
- 5.3. Loans and advances from banks are secured by pari passu charge on the current assets of the Company.

**Terms of repayment of term loans and rate of interest:**

- 5.4 As per terms of agreements loan from banks classified under long-term borrowing, short term borrowing and current liabilities aggregating ₹ 245,000 Lakh (Previous Year: ₹ 325,000 Lakh) are repayable at maturity ranging between 15 and 43 months from the date of respective loan. Rate of interest payable on term loan varies between 9.30 % to 10%.



## 5.5. Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2016

(₹ in Lakh)

Description of NCDs	Issue Date	Redemption Date	As on March 31, 2016*		As on March 31, 2015*	
			Number of NCDs	₹ in Lakh	Number of NCDs	₹ in Lakh
TCFSL NCD AF FY 2014-15-Option-I	8-Dec-14	6-Dec-24	600	6,000	600	6,000
TCFSL NCD AF FY 2014-15-Option-I	8-Dec-14	6-Dec-24	150	1,500	150	1,500
TCFSL NCD AA FY 2014-15	20-Nov-14	20-Nov-24	950	9,500	950	9,500
TCFSL NCD AH FY 2012-13	5-Sep-12	7-Sep-22	500	5,000	500	5,000
TCFSL NCD AB FY 2015-16	21-Mar-16	19-Mar-21	100	1,000	–	–
TCFSL NCD AA FY 2015-16	16-Mar-16	16-Mar-21	70	700	–	–
TCFSL NCD X FY 2015-16	16-Dec-15	16-Dec-20	100	1,000	–	–
TCFSL NCD E FY 2015-16	5-May-15	5-May-20	3,300	33,000	–	–
TCFSL NCD C FY 2014-15 – Option-II	9-Jul-14	9-Jul-19	350	3,500	350	3,500
TCFSL NCD Z FY 2015-16	5-Feb-16	3-May-19	1,000	10,000	–	–
TCFSL NCD AC FY 2015-16	31-Mar-16	18-Apr-19	213	2,130	–	–
TCFSL NCD Y FY 2015-16	8-Jan-16	8-Jan-19	250	2,500	–	–
TCFSL NCD AA FY 2011-12	21-Oct-11	21-Oct-18	150	1,500	150	1,500
TCFSL NCD R FY 2011-12	23-Sep-11	23-Sep-18	100	1,000	100	1,000
TCFSL NCD S FY 2015-16	26-Aug-15	24-Aug-18	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	100	1,000	100	1,000
TCFSL NCD Q FY 2015-16– Option I	13-Jul-15	13-Jul-18	50	500	–	–
TCFSL NCD L FY 2015-16	22-Jun-15	22-Jun-18	4,000	40,000	–	–
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	7-May-13	7-May-18	200	2,000	200	2,000
TCFSL NCD E FY 2013-14	7-May-13	7-May-18	500	5,000	500	5,000
TCFSL NCD A FY 2013-14– Option-I	23-Apr-13	23-Apr-18	850	8,500	850	8,500
TCFSL NCD AK FY 2014-15-Option-II	15-Jan-15	5-Apr-18	59	590	59	590
TCFSL NCD AX FY 2014-15-Option-II	20-Mar-15	3-Apr-18	80	800	80	800
TCFSL NCD BF FY 2012-13	26-Mar-13	26-Mar-18	50	500	50	500
TCFSL NCD AY FY 2014-15-Option-I	24-Mar-15	23-Mar-18	150	1,500	150	1,500
TCFSL NCD AV FY 2014-15– Option-II	10-Mar-15	9-Mar-18	500	5,000	500	5,000
TCFSL NCD AT FY 2014-15– Option-I	2-Mar-15	2-Mar-18	650	6,500	650	6,500
TCFSL NCD AQ FY 2014-15	20-Feb-15	12-Feb-18	60	600	60	600
TCFSL NCD AP FY 2014-15-Option-I	4-Feb-15	2-Feb-18	500	5,000	500	5,000
TCFSL NCD AN FY 2014-15	29-Jan-15	29-Jan-18	3,000	30,000	3,000	30,000
TCFSL NCD AL FY 2014-15	20-Jan-15	24-Jan-18	210	2,100	210	2,100
TCFSL NCD AY FY 2012-13	22-Jan-13	22-Jan-18	2,000	20,000	2,000	20,000
TCFSL NCD BA FY 2012-13	22-Jan-13	22-Jan-18	250	2,500	250	2,500
TCFSL NCD AZ FY 2012-13	22-Jan-13	22-Jan-18	3,000	30,000	3,000	30,000
TCFSL NCD AX FY 2012-13	16-Jan-13	16-Jan-18	650	6,500	650	6,500
TCFSL NCD AK FY 2014-15-Option-I	15-Jan-15	15-Jan-18	97	970	97	970
TCFSL NCD AJ FY 2014-15	14-Jan-15	10-Jan-18	162	1,620	162	1,620
TCFSL NCD AH FY 2014-15-Option-III	16-Dec-14	4-Jan-18	90	900	90	900
TCFSL NCD AF FY 2014-15-Option-III	8-Dec-14	8-Dec-17	50	500	50	500
TCFSL NCD AS FY 2012-13	5-Dec-12	5-Dec-17	250	2,500	250	2,500
TCFSL NCD AB FY 2014-15-Option-III	21-Nov-14	29-Nov-17	150	1,500	150	1,500

**5.5 Particulars of Privately Placed Secured Non-Convertible Debentures (“NCDs”) outstanding as on March 31, 2016**  
(Contd...)

(₹ in Lakh)

Description of NCDs	Issue Date	Redemption Date	As on March 31, 2016*		As on March 31, 2015*	
			Number of NCDs	₹ in Lakh	Number of NCDs	₹ in Lakh
TCFSL NCD AB FY 2014-15-Option-II	21-Nov-14	27-Nov-17	200	2,000	200	2,000
TCFSL NCD X FY 2014-15- Option-II	14-Nov-14	24-Nov-17	150	1,500	150	1,500
TCFSL NCD Y FY 2014-15	18-Nov-14	20-Nov-17	100	1,000	100	1,000
TCFSL NCD AB FY 2014-15-Option-I	21-Nov-14	20-Nov-17	380	3,800	380	3,800
TCFSL NCD Z FY 2014-15	19-Nov-14	15-Nov-17	740	7,400	740	7,400
TCFSL NCD AQ FY 2012-13	12-Nov-12	10-Nov-17	300	3,000	300	3,000
TCFSL NCD W FY 2015-16	10-Nov-15	10-Nov-17	200	2,000	-	-
TCFSL NCD AJ FY 2012-13	9-Nov-12	9-Nov-17	5,000	50,000	5,000	50,000
TCFSL NCD U FY 2014-15	21-Oct-14	20-Oct-17	100	1,000	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- Option-III	13-Oct-14	18-Oct-17	100	1,000	100	1,000
TCFSL NCD S FY 2014-15- Option-I	9-Oct-14	9-Oct-17	50	500	50	500
TCFSL NCD R FY 2014-15- Option-III	30-Sep-14	29-Sep-17	50	500	50	500
TCFSL NCD R FY 2014-15- Option-II	30-Sep-14	28-Sep-17	100	1,000	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- Option-V	9-Oct-14	27-Sep-17	22	220	22	220
TCFSL NCD T FY 2014-15- Option-V	13-Oct-14	26-Sep-17	250	2,500	250	2,500
TCFSL NCD T FY 2014-15- Option-I	13-Oct-14	20-Sep-17	1,500	15,000	1,500	15,000
TCFSL NCD AG FY 2012-13	10-Sep-12	8-Sep-17	100	1,000	100	1,000
TCFSL NCD M FY 2014-15	4-Sep-14	4-Sep-17	500	5,000	500	5,000
TCFSL NCD L FY 2014-15- Option- I	1-Sep-14	1-Sep-17	4,000	40,000	4,000	40,000
TCFSL NCD R FY 2013-14	26-Aug-13	25-Aug-17	300	3,000	300	3,000
TCFSL NCD AE FY 2012-13	9-Aug-12	9-Aug-17	200	2,000	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 Option- 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	100	1,000
TCFSL NCD C FY 2014-15 - Option-I	9-Jul-14	10-Jul-17	250	2,500	250	2,500
TCFSL NCD O FY 2015-16- Option II	7-Jul-15	7-Jul-17	250	2,500	-	-
TCFSL NCD P FY 2015-16	9-Jul-15	7-Jul-17	2,500	25,000	-	-
TCFSL NCD M FY 2015-16- Option I	24-Jun-15	23-Jun-17	1,000	10,000	-	-
TCFSL NCD M FY 2015-16- Option II	24-Jun-15	23-Jun-17	750	7,500	-	-
TCFSL NCD M FY 2015-16- Option III	24-Jun-15	23-Jun-17	750	7,500	-	-
TCFSL NCD O FY 2015-16- Option I	7-Jul-15	23-Jun-17	2,500	25,000	-	-
TCFSL NCD H FY 2015-16 Option- V	15-May-15	20-Jun-17	187	1,870	-	-
TCFSL NCD I FY 2015-16 Option- V	22-May-15	20-Jun-17	67	670	-	-
TCFSL NCD K FY 2015-16	9-Jun-15	9-Jun-17	5,000	50,000	-	-
TCFSL NCD C FY 2015-16 Option-IV	22-Apr-15	1-Jun-17	340	3,400	-	-
TCFSL NCD H FY 2015-16 Option- VI	15-May-15	1-Jun-17	175	1,750	-	-
TCFSL NCD I FY 2015-16 Option- I	22-May-15	1-Jun-17	1,273	12,730	-	-
TCFSL NCD G FY 2015-16- Option I	13-May-15	24-May-17	350	3,500	-	-
TCFSL NCD H FY 2015-16 Option- IV	15-May-15	24-May-17	220	2,200	-	-
TCFSL NCD J FY 2015-16- Option II	26-May-15	24-May-17	5,250	52,500	-	-
TCFSL NCD B FY 2015-16	20-Apr-15	22-May-17	1,026	10,260	-	-
TCFSL NCD H FY 2015-16 Option- II	15-May-15	22-May-17	780	7,800	-	-

**5.5 Particulars of Privately Placed Secured Non-Convertible Debentures (“NCDs”) outstanding as on March 31, 2016**  
 (Contd...)

(₹ in Lakh)

Description of NCDs	Issue Date	Redemption Date	As on March 31, 2016*		As on March 31, 2015*	
			Number of NCDs	₹ in Lakh	Number of NCDs	₹ in Lakh
TCFSL NCD I FY 2015-16 Option- II	22-May-15	17-May-17	200	2,000	-	-
TCFSL NCD H FY 2015-16 Option- VIII	15-May-15	15-May-17	100	1,000	-	-
TCFSL NCD H FY 2015-16 Option- III	15-May-15	12-May-17	250	2,500	-	-
TCFSL NCD AU FY 2014-15-Option-III	5-Mar-15	2-May-17	110	1,100	110	1,100
TCFSL NCD G FY 2015-16- Option II	13-May-15	27-Apr-17	90	900	-	-
TCFSL NCD C FY 2015-16 Option-III	22-Apr-15	25-Apr-17	850	8,500	-	-
TCFSL NCD C FY 2015-16 Option-II	22-Apr-15	20-Apr-17	70	700	-	-
TCFSL NCD C FY 2015-16 Option-I	22-Apr-15	19-Apr-17	326	3,260	-	-
TCFSL NCD D FY 2015-16 Option-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 Option- VII	15-May-15	11-Apr-17	120	1,200	-	-
TCFSL NCD AU FY 2014-15-Option-I	5-Mar-15	10-Apr-17	115	1,150	115	1,150
TCFSL NCD D FY 2015-16 Option-IV	24-Apr-15	5-Apr-17	510	5,100	-	-
TCFSL NCD D FY 2015-16 Option-III	24-Apr-15	4-Apr-17	190	1,900	-	-
TCFSL NCD D FY 2015-16 Option-I	24-Apr-15	3-Apr-17	640	6,400	-	-
TCFSL NCD AG FY 2014-15-Option-II	10-Dec-14	24-Mar-17	250	2,500	250	2,500
TCFSL NCD AY FY 2014-15-Option-II	24-Mar-15	24-Mar-17	250	2,500	250	2,500
TCFSL NCD AW FY 2014-15	18-Mar-15	17-Mar-17	3,000	30,000	3,000	30,000
TCFSL NCD AX FY 2014-15-Option-I	20-Mar-15	16-Mar-17	187	1,870	187	1,870
TCFSL NCD AV FY 2014-15- Option-I	10-Mar-15	10-Mar-17	5,550	55,500	5,550	55,500
TCFSL NCD X FY 2013-14	16-Sep-13	6-Mar-17	220	2,200	220	2,200
TCFSL NCD AU FY 2014-15-Option-II	5-Mar-15	2-Mar-17	126	1,260	126	1,260
TCFSL NCD AS FY 2014-15	27-Feb-15	27-Feb-17	100	1,000	100	1,000
TCFSL NCD AT FY 2014-15-Option-II	2-Mar-15	27-Feb-17	170	1,700	170	1,700
TCFSL NCD AR FY 2014-15- Option-III	26-Feb-15	24-Feb-17	250	2,500	250	2,500
TCFSL NCD AR FY 2014-15-Option-II	26-Feb-15	23-Feb-17	100	1,000	100	1,000
TCFSL NCD I FY 2015-16 Option- III	22-May-15	20-Feb-17	150	1,500	-	-
TCFSL NCD AR FY 2014-15-Option-I	26-Feb-15	16-Feb-17	325	3,250	325	3,250
TCFSL NCD P FY 2013-14	22-Aug-13	15-Feb-17	500	5,000	500	5,000
TCFSL NCD AP FY 2014-15-Option-II	4-Feb-15	3-Feb-17	100	1,000	100	1,000
TCFSL NCD AO FY 2014-15	2-Feb-15	2-Feb-17	500	5,000	500	5,000
TCFSL NCD H FY 2015-16 Option- IX	15-May-15	23-Jan-17	217	2,170	-	-
TCFSL NCD J FY 2015-16 Option- I	26-May-15	23-Jan-17	70	700	-	-
TCFSL NCD AI FY 2014-15	13-Jan-15	19-Jan-17	110	1,100	110	1,100
TCFSL NCD AK FY 2014-15-Option-III	15-Jan-15	12-Jan-17	880	8,800	880	8,800
TCFSL NCD F FY 2015-16	8-May-15	9-Jan-17	150	1,500	-	-
TCFSL NCD I FY 2015-16 Option- IV	22-May-15	28-Dec-16	100	1,000	-	-
TCFSL NCD AH FY 2014-15-Option-II	16-Dec-14	15-Dec-16	40	400	40	400
TCFSL NCD AG FY 2014-15-Option-I	10-Dec-14	9-Dec-16	50	500	50	500
TCFSL NCD AF FY 2014-15-Option-II	8-Dec-14	8-Dec-16	170	1,700	170	1,700
TCFSL NCD AH FY 2014-15-Option-I	16-Dec-14	6-Dec-16	151	1,510	151	1,510
TCFSL NCD AJ FY 2013-14	13-Dec-13	5-Dec-16	45	450	45	450
TCFSL NCD AE FY 2014-15-Option-I	4-Dec-14	2-Dec-16	1,500	15,000	1,500	15,000
TCFSL NCD AE FY 2014-15-Option-III	4-Dec-14	30-Nov-16	130	1,300	130	1,300

**5.5 Particulars of Privately Placed Secured Non-Convertible Debentures (“NCDs”) outstanding as on March 31, 2016**  
(Contd...)

(₹ in Lakh)

Description of NCDs	Issue Date	Redemption Date	As on March 31, 2016*		As on March 31, 2015*	
			Number of NCDs	₹ in Lakh	Number of NCDs	₹ in Lakh
TCFSL NCD AE FY 2014-15-Option-II	4-Dec-14	29-Nov-16	164	1,640	164	1,640
TCFSL NCD AC FY 2013-14	8-Nov-13	11-Nov-16	55	550	55	550
TCFSL NCD W FY 2014-15- Option-II	12-Nov-14	11-Nov-16	100	1,000	100	1,000
TCFSL NCD AM FY 2011-12	10-Nov-11	10-Nov-16	100	1,000	100	1,000
TCFSL NCD AF FY 2013-14	2-Dec-13	7-Nov-16	50	500	50	500
TCFSL NCD V FY 2014-15- Option-II	27-Oct-14	27-Oct-16	500	5,000	500	5,000
TCFSL NCD L FY 2014-15- Option- II	1-Sep-14	26-Oct-16	85	850	85	850
TCFSL NCD V FY 2014-15- Option-I	27-Oct-14	20-Oct-16	145	1,450	145	1,450
TCFSL NCD T FY 2014-15- Option-IV	13-Oct-14	18-Oct-16	150	1,500	150	1,500
TCFSL NCD S FY 2014-15- Option-IV	9-Oct-14	17-Oct-16	40	400	40	400
TCFSL NCD O FY 2014-15	12-Sep-14	5-Oct-16	320	3,200	320	3,200
TCFSL NCD K FY 2014-15- Option-I	7-Aug-14	29-Sep-16	100	1,000	100	1,000
TCFSL NCD T FY 2015-16	3-Sep-15	27-Sep-16	65	650	-	-
TCFSL NCD S FY 2014-15- Option-III	9-Oct-14	26-Sep-16	100	1,000	100	1,000
TCFSL NCD Q FY 2014-15	24-Sep-14	23-Sep-16	100	1,000	100	1,000
TCFSL NCD S FY 2014-15- Option-II	9-Oct-14	21-Sep-16	103	1,030	103	1,030
TCFSL NCD I FY 2015-16 Option- VI	22-May-15	20-Sep-16	65	650	-	-
TCFSL NCD Q FY 2015-16- Option II	13-Jul-15	20-Sep-16	110	1,100	-	-
TCFSL NCD P FY 2014-15	19-Sep-14	14-Sep-16	100	1,000	100	1,000
TCFSL NCD N FY 2014-15	10-Sep-14	13-Sep-16	85	850	85	850
TCFSL NCD Y FY 2013-14	24-Sep-13	8-Sep-16	400	4,000	400	4,000
TCFSL NCD V FY 2013-14	5-Sep-13	5-Sep-16	50	500	50	500
TCFSL NCD U FY 2013-14	3-Sep-13	2-Sep-16	250	2,500	250	2,500
TCFSL NCD W FY 2013-14	13-Sep-13	2-Sep-16	30	300	30	300
TCFSL NCD T FY 2013-14	3-Sep-13	30-Aug-16	62	620	62	620
TCFSL NCD S FY 2013-14	30-Aug-13	22-Aug-16	99	990	99	990
TCFSL NCD Q FY 2013-14	23-Aug-13	8-Aug-16	40	400	40	400
TCFSL NCD J FY 2014-15	6-Aug-14	4-Aug-16	100	1,000	100	1,000
TCFSL NCD K FY 2014-15- Option-II	7-Aug-14	4-Aug-16	210	2,100	210	2,100
TCFSL NCD I FY 2014-15- Option-II	4-Aug-14	2-Aug-16	250	2,500	250	2,500
TCFSL NCD I FY 2014-15-Option-I	4-Aug-14	2-Aug-16	650	6,500	650	6,500
TCFSL NCD K FY 2014-15- Option-III	7-Aug-14	1-Aug-16	70	700	70	700
TCFSL NCD G FY 2014-15	16-Jul-14	27-Jul-16	144	1,440	144	1,440
TCFSL NCD N FY 2015-16	26-Jun-15	25-Jul-16	1,500	15,000	-	-
TCFSL NCD D FY 2014-15	10-Jul-14	8-Jul-16	2,500	25,000	2,500	25,000
TCFSL NCD B FY 2014-15	20-Jun-14	21-Jun-16	250	2,500	250	2,500
TCFSL NCD A FY 2014-15- Option-I	26-May-14	26-May-16	800	8,000	800	8,000
TCFSL NCD BE FY 2012-13	12-Mar-13	10-May-16	30	300	30	300
TCFSL NCD AP FY 2014-15-Option-III	6-Feb-15	6-May-16	1,000	10,000	1,000	10,000
TCFSL NCD A FY 2011-12	27-Apr-11	27-Apr-16	370	3,700	370	3,700
TCFSL NCD AM FY 2014-15	23-Jan-15	22-Apr-16	250	2,500	250	2,500
TCFSL NCD AD FY 2014-15	2-Dec-14	15-Apr-16	1,000	10,000	1,000	10,000
TCFSL NCD R FY 2014-15- Option-I	30-Sep-14	23-Mar-16	-	-	2,000	20,000
TCFSL NCD T FY 2014-15- Option-II	13-Oct-14	23-Mar-16	-	-	1,600	16,000

**5.5 Particulars of Privately Placed Secured Non-Convertible Debentures (“NCDs”) outstanding as on March 31, 2016**  
 (Contd...)

(₹ in Lakh)

Description of NCDs	Issue Date	Redemption Date	As on March 31, 2016*		As on March 31, 2015*	
			Number of NCDs	₹ in Lakh	Number of NCDs	₹ in Lakh
TCFSL NCD AU FY 2014-15-Option-IV	5-Mar-15	11-Mar-16	–	–	500	5,000
TCFSL NCD W FY 2014-15- Option-I	12-Nov-14	1-Mar-16	–	–	1,400	14,000
TCFSL NCD W FY 2010-11	19-Jan-11	19-Jan-16	–	–	440	4,400
TCFSL NCD H FY 2014-15	24-Jul-14	19-Jan-16	–	–	750	7,500
TCFSL NCD AC FY 2014-15	25-Nov-14	23-Dec-15	–	–	2,000	20,000
TCFSL NCD X FY 2014-15- Option-I	14-Nov-14	14-Dec-15	–	–	1,700	17,000
TCFSL NCD T FY 2010-11	2-Dec-10	2-Dec-15	–	–	50	500
TCFSL NCD A FY 2014-15- Option-II	26-May-14	26-Nov-15	–	–	800	8,000
TCFSL NCD S FY 2010-11	19-Nov-10	19-Nov-15	–	–	100	1,000
TCFSL NCD AA FY 2012-13	16-Jul-12	1-Oct-15	–	–	40	400
TCFSL NCD E FY 2012-13	4-May-12	4-Aug-15	–	–	50	500
TCFSL NCD AD FY 2012-13	31-Jul-12	31-Jul-15	–	–	500	5,000
TCFSL NCD Z FY 2012-13	13-Jul-12	13-Jul-15	–	–	50	500
TCFSL NCD E FY 2014-15- Option-I	11-Jul-14	10-Jul-15	–	–	1,500	15,000
TCFSL NCD E FY 2014-15- Option-II	11-Jul-14	10-Jul-15	–	–	750	7,500
TCFSL NCD B FY 2012-13	30-Apr-12	30-Jun-15	–	–	200	2,000
TCFSL NCD AM FY 2013-14	10-Jan-14	30-Jun-15	–	–	200	2,000
TCFSL NCD AW FY 2013-14	28-Jan-14	30-Jun-15	–	–	100	1,000
TCFSL NCD AI FY 2013-14	13-Dec-13	29-Jun-15	–	–	50	500
TCFSL NCD Y FY 2012-13	19-Jun-12	19-Jun-15	–	–	50	500
TCFSL NCD AA FY 2013-14	17-Oct-13	15-Jun-15	–	–	100	1,000
TCFSL NCD V FY 2012-13	4-Jun-12	4-Jun-15	–	–	100	1,000
TCFSL NCD CE FY 2011-12	24-Feb-12	1-Jun-15	–	–	180	1,800
TCFSL NCD U FY 2012-13	28-May-12	28-May-15	–	–	400	4,000
TCFSL NCD J FY 2013-14	28-May-13	28-May-15	–	–	250	2,500
TCFSL NCD T FY 2012-13	25-May-12	25-May-15	–	–	140	1,400
TCFSL NCD I FY 2013-14	21-May-13	21-May-15	–	–	1,000	10,000
TCFSL NCD BI FY 2013-14	20-Feb-14	20-May-15	–	–	250	2,500
TCFSL NCD AE FY 2013-14	21-Nov-13	19-May-15	–	–	400	4,000
TCFSL NCD AT FY 2013-14	28-Jan-14	18-May-15	–	–	255	2,550
TCFSL NCD AQ FY 2013-14	15-Jan-14	14-May-15	–	–	210	2,100
TCFSL NCD G FY 2010-11	12-May-10	12-May-15	–	–	250	2,500
TCFSL NCD AL FY 2013-14	9-Jan-14	12-May-15	–	–	60	600
TCFSL NCD AR FY 2013-14	16-Jan-14	12-May-15	–	–	150	1,500
TCFSL NCD AO FY 2013-14	13-Jan-14	11-May-15	–	–	100	1,000
TCFSL NCD AP FY 2013-14	15-Jan-14	11-May-15	–	–	80	800
TCFSL NCD AH FY 2013-14	12-Dec-13	8-May-15	–	–	240	2,400
TCFSL NCD C FY 2013-14	7-May-13	7-May-15	–	–	250	2,500
TCFSL NCD AN FY 2013-14	13-Jan-14	7-May-15	–	–	120	1,200
TCFSL NCD G FY 2012-13	9-May-12	6-May-15	–	–	200	2,000
TCFSL NCD S FY 2012-13	22-May-12	6-May-15	–	–	225	2,250
TCFSL NCD C FY 2012-13	2-May-12	30-Apr-15	–	–	500	5,000
TCFSL NCD D FY 2012-13	3-May-12	30-Apr-15	–	–	620	6,200
TCFSL NCD AG FY 2013-14	11-Dec-13	30-Apr-15	–	–	50	500

**5.5 Particulars of Privately Placed Secured Non-Convertible Debentures (“NCDs”) outstanding as on March 31, 2016**  
(Contd...)

(₹ in Lakh)

Description of NCDs	Issue Date	Redemption Date	As on March 31, 2016*		As on March 31, 2015*	
			Number of NCDs	₹ in Lakh	Number of NCDs	₹ in Lakh
TCFSL NCD AK FY 2013-14	3-Jan-14	30-Apr-15	–	–	380	3,800
TCFSL NCD AZ FY 2013-14	6-Feb-14	30-Apr-15	–	–	180	1,800
TCFSL NCD BB FY 2013-14	7-Feb-14	30-Apr-15	–	–	300	3,000
TCFSL NCD BF FY 2013-14	17-Feb-14	30-Apr-15	–	–	473	4,730
TCFSL NCD BK FY 2013-14	21-Feb-14	30-Apr-15	–	–	430	4,300
TCFSL NCD BO FY 2013-14	28-Feb-14	30-Apr-15	–	–	510	5,100
TCFSL NCD A FY 2013-14– Option-II	23-Apr-13	23-Apr-15	–	–	300	3,000
TCFSL NCD AV FY 2013-14	28-Jan-14	23-Apr-15	–	–	220	2,200
TCFSL NCD BN FY 2013-14	28-Feb-14	20-Apr-15	–	–	120	1,200
TCFSL NCD BQ FY 2013-14	3-Mar-14	20-Apr-15	–	–	250	2,500
TCFSL NCD BE FY 2013-14	14-Feb-14	16-Apr-15	–	–	80	800
TCFSL NCD BY FY 2013-14	18-Mar-14	16-Apr-15	–	–	900	9,000
TCFSL NCD AB FY 2013-14	17-Oct-13	15-Apr-15	–	–	250	2,500
TCFSL NCD AS FY 2013-14	17-Jan-14	15-Apr-15	–	–	300	3,000
TCFSL NCD AU FY 2013-14	28-Jan-14	15-Apr-15	–	–	50	500
TCFSL NCD AX FY 2013-14	6-Feb-14	15-Apr-15	–	–	190	1,900
TCFSL NCD BR FY 2013-14	10-Mar-14	15-Apr-15	–	–	621	6,210
TCFSL NCD BU FY 2013-14	14-Mar-14	14-Apr-15	–	–	744	7,440
TCFSL NCD BG FY 2013-14	18-Feb-14	13-Apr-15	–	–	100	1,000
TCFSL NCD BS FY 2013-14	13-Mar-14	13-Apr-15	–	–	585	5,850
TCFSL NCD A FY 2012-13	25-Apr-12	10-Apr-15	–	–	200	2,000
TCFSL NCD CA FY 2013-14	24-Mar-14	8-Apr-15	–	–	400	4,000
TCFSL NCD Z FY 2013-14	10-Oct-13	7-Apr-15	–	–	100	1,000
TCFSL NCD BC FY 2013-14	12-Feb-14	7-Apr-15	–	–	290	2,900
TCFSL NCD BD FY 2013-14	13-Feb-14	7-Apr-15	–	–	210	2,100
TCFSL NCD BJ FY 2013-14	21-Feb-14	7-Apr-15	–	–	340	3,400
TCFSL NCD BL FY 2013-14	24-Feb-14	7-Apr-15	–	–	765	7,650
TCFSL NCD BM FY 2013-14	24-Feb-14	7-Apr-15	–	–	380	3,800
TCFSL NCD BV FY 2013-14	14-Mar-14	7-Apr-15	–	–	100	1,000
TCFSL NCD BZ FY 2013-14	18-Mar-14	7-Apr-15	–	–	561	5,610
TCFSL NCD CK FY 2011-12	16-Mar-12	6-Apr-15	–	–	120	1,198
TCFSL NCD BA FY 2013-14	7-Feb-14	6-Apr-15	–	–	160	1,600
TCFSL NCD BP FY 2013-14	28-Feb-14	6-Apr-15	–	–	100	1,000
TCFSL NCD BT FY 2013-14	14-Mar-14	6-Apr-15	–	–	900	9,000
TCFSL NCD BX FY 2013-14	18-Mar-14	6-Apr-15	–	–	170	1,700
<b>TOTAL</b>				<b>1,031,930</b>		<b>920,998</b>
Of which current maturities classified under “Current liabilities” in Note No. 10				<b>(279,830)</b>		<b>(317,538)</b>
<b>TOTAL</b>				<b>752,100</b>		<b>603,460</b>

\* Net of unamortised discount of ₹ NIL (Previous Year : ₹ 2 Lakh).

\* Note : Coupon rate of “NCDs” outstanding as on March 31, 2016 varies from 8.40% to 11.25% (Previous Year : Varies from 8.35% to 11.25%)



**5.6. Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2016**

Description of NCD	Issue Date	Redemption Date	Number of NCDs	₹ in Lakh
TCFSL NCD Option I (2009)	March 6, 2009	March 5, 2019	310	310
TCFSL NCD Option II (2009)	March 6, 2009	March 5, 2019	177,875	1,779
TCFSL NCD Option III (2009)	March 6, 2009	March 5, 2019	1,497,029	14,970
TCFSL NCD Option IV (2009)	March 6, 2009	March 5, 2019	1,175,939	11,759
<b>Total</b>				<b>28,818</b>

Note : Coupon rate of above outstanding as on March 31, 2016 varies from 9.75% to 10.50%

**Particulars of Public issue of Secured Non-Convertible Debentures outstanding as on March 31, 2015**

Description of NCD	Issue Date	Redemption Date	Number of NCDs	₹ in Lakh
TCFSL NCD Option I (2009)	March 6, 2009	March 5, 2019	310	310
TCFSL NCD Option II (2009)	March 6, 2009	March 5, 2019	177,875	1,779
TCFSL NCD Option III (2009)	March 6, 2009	March 5, 2019	1,497,029	14,970
TCFSL NCD Option IV (2009)	March 6, 2009	March 5, 2019	1,175,939	11,759
<b>Total</b>				<b>28,818</b>

Note : Coupon rate of above outstanding as on March 31, 2015 varies from 9.75% to 10.50%

**5.7. Particulars of unsecured redeemable non convertible subordinated debentures (Tier II Bonds) outstanding as on March 31, 2016**

Description of NCD	Issue Date	Redemption Date	Number of NCDs	₹ in Lakh*
TCFSL Tier II Bond B FY 2015-16	30-Mar-16	30-Mar-26	2,000	20,000
TCFSL Tier II Bond A FY 2015-16	22-Jul-15	22-Jul-25	900	9,000
TCFSL Tier II Bond D FY 2014-15	31-Mar-15	31-Mar-25	2,000	20,000
TCFSL Tier II Bond C FY 2014-15	30-Jan-15	30-Jan-25	750	7,500
TCFSL Tier II Bond B FY 2014-15	7-Jan-15	7-Jan-25	350	3,500
TCFSL Tier II Bond A FY 2014-15	26-Sep-14	26-Sep-24	1,000	10,000
TCL Tier II Bond H FY 2009-10	24-Dec-09	24-Dec-19	1,000	5,000
TCL Tier II Bond G FY 2009-10	18-Dec-09	18-Dec-19	3,000	15,000
TCL Tier II Bond E FY 2009-10	15-Dec-09	15-Dec-19	5,725	28,625
TCL Tier II Bond F FY 2009-10	30-Nov-09	30-Nov-19	1,135	3,969
TCL Tier II Bond C FY 2009-10	28-Oct-09	28-Oct-19	1,479	7,395
TCL Tier II Bond D FY 2009-10	28-Oct-09	28-Oct-19	1,580	7,900
TCL Tier II Bond B FY 2009-10	9-Sep-09	9-Sep-19	1,704	17,040
TCL Tier II Bond A FY 2009-10	4-Aug-09	4-Aug-19	391	3,910
<b>Total</b>				<b>158,839</b>

\* Net of unamortised discount of ₹ 1,706 Lakh

Note : Coupon rate of above outstanding as on March 31, 2016 varies from 9.17% to 10.50%

**Particulars of unsecured redeemable non convertible subordinated debentures (Tier II Bonds) outstanding as on March 31, 2015**

Description of NCD	Issue Date	Redemption Date	Number of NCDs	₹ in Lakh*
TCFSL Tier II Bond 'D' FY 2014-15	31-Mar-15	31-Mar-25	2,000	20,000
TCFSL Tier II Bond 'C' FY 2014-15	30-Jan-15	30-Jan-25	750	7,500
TCFSL Tier II Bond 'B' FY 2014-15	7-Jan-15	7-Jan-25	350	3,500
TCFSL Tier II Bond 'A' FY 2014-15	26-Sep-14	25-Sep-24	1,000	10,000
TCL Tier II Bond 'H' FY 2009-10	24-Dec-09	24-Dec-19	1,000	5,000
TCL Tier II Bond 'G' FY 2009-10	18-Dec-09	18-Dec-19	3,000	15,000
TCL Tier II Bond 'E' FY 2009-10	15-Dec-09	15-Dec-19	5,725	28,625
TCL Tier II Bond 'F' FY 2009-10	30-Nov-09	30-Nov-19	1,135	3,599
TCL Tier II Bond 'C' FY 2009-10	28-Oct-09	28-Oct-19	1,479	7,395
TCL Tier II Bond 'D' FY 2009-10	28-Oct-09	28-Oct-19	1,580	7,900
TCL Tier II Bond 'B' FY 2009-10	9-Sep-09	9-Sep-19	1,704	17,040
TCL Tier II Bond 'A' FY 2009-10	4-Aug-09	4-Aug-19	391	3,910
<b>Total</b>				<b>129,469</b>

\* Net of unamortised discount of ₹ 2,076 Lakh

Note : Coupon rate of above outstanding as on March 31, 2015 varies from 9.30% to 10.50%



**5.8. Particulars of unsecured non convertible perpetual debentures outstanding as on March 31, 2016**

Description of NCD	Issue Date	Number of NCDs	₹ in Lakh
TCL Perpetual A FY 2010-11	15-Nov-10	15	75
TCL Perpetual B FY 2010-11	14-Jan-11	18	90
TCL Perpetual A FY 2011-12	5-May-11	20	100
TCL Perpetual B FY 2011-12	8-Aug-11	61	305
TCL Perpetual C FY 2011-12	28-Sep-11	10	50
TCL Perpetual D FY 2011-12	7-Nov-11	5	25
TCFSL Perpetual A FY 2013-14	27-Mar-14	1871	9,355
TCFSL Perpetual A FY 2015-16	16-Jul-15	1000	10,000
TCFSL Perpetual B FY 2015-16	6-Jan-16	500	5,000
TCFSL Perpetual C FY 2015-16	2-Feb-16	500	5,000
TCFSL Perpetual D FY 2015-16	9-Feb-16	1000	10,000
TCFSL Perpetual E FY 2015-16	23-Mar-16	1000	10,000
<b>Total</b>			<b>50,000</b>

Note : Coupon rate of above outstanding as on March 31, 2016 varies from 9.80% to 11.25%

**Particulars of unsecured non convertible perpetual debentures outstanding as on March 31, 2015**

Description of NCD	Issue Date	Number of NCDs	₹ in Lakh
TCL Perpetual 'A' FY 2010-11	15-Nov-10	15	75
TCL Perpetual 'B' FY 2010-11	14-Jan-11	18	90
TCL Perpetual 'A' FY 2011-12	5-May-11	20	100
TCL Perpetual 'B' FY 2011-12	8-Aug-11	61	305
TCL Perpetual 'C' FY 2011-12	28-Sep-11	10	50
TCL Perpetual 'D' FY 2011-12	7-Nov-11	5	25
TCFSL Perpetual 'A' FY 2013-14	27-Mar-14	1871	9,355
<b>Total</b>			<b>10,000</b>

Note : Coupon rate of above outstanding as on March 31, 2015 varies from 10% to 11.25%

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Funds Raised through Perpetual Debt Instruments	40,000	–
Amount outstanding at the end of year	50,000	10,000
Percentage of amount of Perpetual Debt Instruments of the amount of Tier I Capital	13.93%	3.45%
Financial year in which interest on Perpetual Debt Instruments is not paid on account of 'Lock-In Clause'.	N.A.	

**5.9. Particulars of Privately Placed Unsecured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2016**

Description of NCD	Issue Date	Redemption Date	Number of NCDs	₹ in Lakh
TCFSL Unsecured NCD A FY 2015-16	12-Aug-15	10-Aug-18	2000	20,000
TCFSL Unsecured NCD B FY 2015-16 Option-I	1-Sep-15	1-Sep-17	1500	15,000
TCFSL Unsecured NCD B FY 2015-16 Option-II	1-Sep-15	1-Mar-17	1500	15,000
<b>Total</b>				<b>50,000</b>

Of which current maturities under "Current Liabilities" Note No. 10	(15,000)
<b>Total</b>	<b>35,000</b>

Note : Coupon rate of above outstanding as on March 31, 2016 varies from 8.80% to 8.91%

5.10. Unsecured redeemable Non-convertible subordinated debentures includes the debentures issued to Key Management Personnel of ₹ 20 Lakh (Previous Year : ₹ 20 Lakh).

## 6. OTHER LONG-TERM LIABILITIES

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Interest accrued but not due on borrowings	9,897	7,213
(b) Income received in advance	295	349
(c) Sundry liabilities account (interest capitalisation)	3,321	3,736
<b>Total</b>	<b>13,513</b>	<b>11,298</b>

## 7. LONG-TERM PROVISIONS

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Provision for employee benefits	413	156
(b) Contingent provision against Standard Assets (Refer Note No. 33)	4,035	3,024
<b>Total</b>	<b>4,448</b>	<b>3,180</b>

## 8. SHORT-TERM BORROWINGS

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
<b>(a) Loans repayable on demand</b>		
<b>Secured</b>		
<b>From Banks</b>		
(i) Working capital demand loan (Refer Note No. 5.3 above)	57,000	48,500
(ii) Bank Overdraft (Refer Note No. 5.3 above)	337,109	259,045
<b>Unsecured</b>		
<b>From Banks</b>		
(i) Working capital demand loan	2,200	—
<b>(b) Collateralised Borrowings and Lending Obligations (CBLO)</b>	47,971	46,936
<b>(Secured)</b>		
[Net of unamortised discount of ₹ 29 Lakh (as at March 31, 2015: ₹ 64 Lakh)] (Refer Note Nos. 8.2 and 8.3 below)		
<b>(c) Other loans and advances</b>		
<b>Unsecured</b>		
(i) Commercial paper (Refer Note No. 8.1 below) [Net of unamortised discount of ₹ 6,563 Lakh (as at March 31, 2015 : ₹ 7,555 Lakh)]	478,437	346,195
(ii) Inter Corporate Deposits from Related Parties	50,552	2,600
(iii) Inter Corporate Deposits from Others	—	4,500
<b>Total</b>	<b>973,269</b>	<b>707,776</b>

## Notes

- 8.1. Discount on commercial paper varies between 8.40 % to 9.30% (Previous year : 8.26% to 9.80% )
- 8.2. Discount on Collateralised Borrowings and Lending Obligations (CBLO) varies between is 7.3% (Previous year : 9.98% to 10.00%)
- 8.3. Collateralised Borrowings and Lending Obligations (CBLO) are secured by the Company's investment in Government Securities and are repayable in 7 days.

## 9. TRADE PAYABLES

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
<b>(a) Others</b>		
(i) Accrued employee benefit expenses	3,497	2,909
(ii) Accrued expenses	10,349	10,291
(ii) Payable to Related Parties	161	194
(iv) Others	24,977	13,190
<b>Total</b>	<b>39,984</b>	<b>26,584</b>

**Note:** The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

(₹ in Lakh)

<b>PARTICULARS</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
(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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### 10. OTHER CURRENT LIABILITIES

(₹ in Lakh)

<b>PARTICULARS</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>(a) Current maturities of long-term debt</b>		
<b>Secured</b>		
<b>(i) Debentures</b>		
Privately Placed Non-Convertible Debentures (Refer Note Nos 5.1 and 5.5 above) [Net of unamortised discount of Rs Nil (as at March 31, 2015: ₹ 2 Lakh)]	<b>279,830</b>	317,538
<b>(ii) Term Loans</b>		
<b>From Banks</b> (Refer Note Nos. 5.3 and 5.4 above)	<b>25,000</b>	90,000
<b>Unsecured</b>		
<b>(i) Debentures</b>		
Privately Placed Non-Convertible Debentures (Refer Note No. 5.9 above)	<b>15,000</b>	-
<b>(ii) Term Loans</b>		
<b>From Banks</b> (Refer Note No. 5.4 above)	<b>60,000</b>	-
<b>(b) Interest accrued but not due on borrowings</b>	<b>67,021</b>	47,810
<b>(c) Income received in advance</b>	<b>1,718</b>	1,952
<b>(d) Unclaimed debenture application money and interest accrued thereon</b>	<b>1</b>	1
<b>(e) Interim dividend payable</b>	<b>-</b>	7,785
<b>(f) Tax payable on Interim dividend</b>	<b>-</b>	1,557
<b>(g) Other payables</b>		
(i) Security deposit	<b>11,960</b>	8,722
(ii) Statutory dues	<b>1,646</b>	621
(iii) Payable for capital expenditure	<b>2,362</b>	370
(iv) Advances from customers	<b>5,109</b>	3,919
(iv) Sundry liabilities account (interest capitalisation)	<b>1,627</b>	1,081
(v) Others	<b>496</b>	773
<b>Total</b>	<b>471,770</b>	<b>482,129</b>

#### 11. SHORT-TERM PROVISIONS

(₹ in Lakh)

<b>PARTICULARS</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>(a) Provision for employee benefits</b>	<b>618</b>	548
<b>(b) Provision – Others</b>		
(i) Contingent Provision against Standard Assets (Refer Note No. 33)	<b>4,548</b>	3,092
(ii) Provision for tax, [Net of advance tax ₹ 11,123 Lakh (as at March 31, 2015 ₹ 9,590 Lakh)]	<b>7,316</b>	3,131
<b>Total</b>	<b>12,482</b>	<b>6,771</b>

PARTICULARS	Gross Block				Accumulated depreciation and amortisation				Net Carrying Value
	Opening balance as at April 1, 2015	Additions/ Adjustments	Deletions	Closing balance as at March 31, 2016	Opening balance as at April 1, 2015	Depreciation/ Amortisation for the year	Deletions/ Adjustments	Closing Balance as at March 31, 2016	
<b>TANGIBLE ASSETS</b>									
Buildings	4,975	-	-	4,975	898	200	-	1,098	3,877
	4,917	58	-	4,975	698	200	-	4,077	898
Leasehold Improvements	3,519	816	144	4,191	2,055	406	118	2,343	1,848
	3,242	277	-	3,519	1,692	363	-	2,055	1,464
Furniture & Fixtures	982	237	29	1,190	564	170	18	716	474
	858	124	-	982	467	97	-	564	418
Computer Equipment	551	394	-	945	551	63	-	614	331
	562	-	11	551	554	7	10	551	-
Office Equipment	1,214	385	19	1,580	867	390	19	1,238	342
	1,184	30	-	1,214	444	423	-	867	347
Plant & Machinery	576	105	13	668	258	69	8	319	349
	548	28	-	576	201	57	-	258	318
Vehicles	1,043	270	313	1,000	607	237	269	575	425
	988	169	114	1,043	474	227	94	607	436
<b>ASSETS GIVEN UNDER OPERATING LEASE / RENTAL</b>									
Construction Equipment	21,113	2,126	396	22,843	4,683	2,436	214	6,905	15,938
	19,441	4,422	2,750	21,113	4,088	1,981	1,386	4,683	16,430
Vehicles	7,115	230	2,576	4,769	3,432	1,250	1,885	2,797	1,972
	8,192	1,636	2,713	7,115	3,727	1,666	1,961	3,432	3,683
Plant & Machinery	7,354	6,288	-	13,642	1,120	1,034	-	2,153	11,489
	2,800	4,554	-	7,354	691	429	-	1,120	6,234
Computer Equipment	20,163	5,367	2,718	22,812	4,873	4,511	1,162	8,222	14,590
	7,524	12,639	-	20,163	1,464	3,409	-	4,873	15,290
Furniture & Fixtures	530	105	-	635	65	61	-	126	509
	260	270	-	530	10	55	-	65	465
Office Equipments	1,080	1,527	-	2,607	340	522	-	862	1,745
	399	681	-	1,080	86	254	-	340	740
Railway Wagons	-	8,265	-	8,265	-	223	-	223	8,042
Electrical Installation & Equipments	-	289	-	289	-	2	-	2	287
<b>TANGIBLE ASSETS - TOTAL</b>	<b>70,215</b>	<b>26,404</b>	<b>6,208</b>	<b>90,411</b>	<b>20,313</b>	<b>11,573</b>	<b>3,693</b>	<b>28,193</b>	<b>62,218</b>
	50,915	24,888	5,588	70,215	14,596	9,168	3,451	20,313	49,902
<b>INTANGIBLE ASSETS (other than internally generated)</b>									
Goodwill	7,804	-	-	7,804	-	-	-	-	7,804
	7,804	-	-	7,804	-	-	-	-	7,804
Software	1,561	204	-	1,765	660	204	-	864	901
	529	1,032	-	1,561	318	342	-	660	901
<b>INTANGIBLE ASSETS - TOTAL</b>	<b>9,365</b>	<b>204</b>	<b>-</b>	<b>9,569</b>	<b>660</b>	<b>204</b>	<b>-</b>	<b>864</b>	<b>8,705</b>
	8,333	1,032	-	9,365	318	342	-	660	8,705
<b>Total</b>	<b>79,580</b>	<b>26,608</b>	<b>6,208</b>	<b>99,980</b>	<b>20,973</b>	<b>11,777</b>	<b>3,693</b>	<b>29,057</b>	<b>70,923</b>
	59,248	25,920	5,588	79,580	14,914	9,510	3,451	20,973	58,607
Capital work-in-progress	-	-	-	-	-	-	-	-	149
Intangible Assets under Development	-	-	-	-	-	-	-	-	663
<b>Total</b>									<b>71,312</b>
									59,270

Figures in italics relate to previous year

**13. INVESTMENTS**

(₹ in Lakh)

PARTICULARS	As at March 31, 2016		As at March 31, 2015	
	Non-Current Investment	Current portion of Non-Current Investment	Non-Current Investment	Current portion of Non-Current Investment
<b>LONG-TERM INVESTMENTS (at cost)</b>				
<b>Investment in Associates</b>				
<b>Unquoted :</b>				
Investment in Equity Shares	3,313	–	3,313	–
Investment in Security Receipts	984	–	882	–
<b>Investment in Others</b>				
<b>Quoted :</b>				
Investment in Equity Shares	21,107	–	22,374	–
Investment in Government Securities	46,554	1,998	48,457	500
<b>Unquoted :</b>				
Investment in Equity Shares	20,471	–	18,458	–
Investment in Preference Shares	3,733	342	4,075	389
<b>Sub-total</b>	<b>96,162</b>	<b>2,340</b>	<b>97,559</b>	<b>889</b>
Less: Provision for diminution in value of investments	(5,858)	(36)	(8,874)	(3)
<b>Total Long-Term Investments</b>	<b>90,304</b>	<b>2,304</b>	<b>88,685</b>	<b>886</b>

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
<b>CURRENT INVESTMENTS</b> (At lower of cost and fair value, unless otherwise stated)		
<b>Quoted :</b>		
Investment in Equity Shares	178	112
Investment in Units of Mutual Funds	50	50
	228	162
<b>Unquoted :</b>		
Investment in Equity Shares	392	–
<b>Total Current Investments</b>	<b>620</b>	<b>162</b>

**TOTAL INVESTMENTS**

(₹ in Lakh)

PARTICULARS	As at March 31, 2016		As at March 31, 2015	
	Non-Current Investment	Current portion of Non-Current Investment	Non-Current Investment	Current portion of Non-Current Investment
<b>Total Investments</b>	<b>90,304</b>	<b>2,924</b>	<b>88,685</b>	<b>1,048</b>
Book value of Quoted investments	61,893	2,226	61,971	662
Market value of Quoted investments	63,284	2,240	64,119	662
Book value of Unquoted investments	28,411	698	26,714	386

**SCRIP-WISE DETAILS OF INVESTMENTS:**

(₹ in Lakh)

PARTICULARS	Face value Per Unit Rs	As at March 31, 2016			As at March 31, 2015		
		No. of Units	Non- Current Investments	Current portion of Non- Current Investments	No. of Units	Non-Current Investments	Current portion of Non- Current Investments
<b>LONG-TERM INVESTMENTS</b>							
<b>Investments in Associates</b>							
<b>Unquoted</b>							
<b>Investment in Equity Shares (Non-Trade)</b>							
International Asset Reconstruction Company Pvt. Ltd.	10	13,946,295	3,313	–	13,946,295	3,313	–
			3,313	–		3,313	–
<b>Investment in Security Receipts</b>							
International Asset Reconstruction Company Pvt. Ltd.	1,000	104,135	984	–	88,214	882	–
			984	–		882	–
<b>Investments in Others</b>							
<b>Quoted :</b>							
<b>Investment in Equity Shares (Non-Trade)</b>							
Hindustan Unilever Limited	1	2,000	5	–	2,000	5	–
Development Credit Bank Limited	10	4,309,949	4,525	–	5,516,000	5,792	–
Praj Industries Limited	2	13,422,400	16,577	–	13,422,400	16,577	–
			21,107	–		22,374	–
<b>Investment in Government Securities (Non-Trade)</b>							
6.49% GOI 2015	100	–	–	–	500,000	–	500
6.90% GOI 2019	100	1,500,000	1,501	–	1,500,000	1,502	–
8.07% GOI 2017	100	2,000,000	–	1,998	2,000,000	1,994	–
7.16% GOI 2023	100	7,500,000	7,005	–	7,500,000	6,935	–
7.80% GOI 2020	100	6,500,000	6,377	–	6,500,000	6,347	–
8.12% GOI 2020	100	8,000,000	7,948	–	8,000,000	7,937	–
8.35% GOI 2022	100	10,000,000	9,996	–	10,000,000	9,995	–
8.83% GOI 2023	100	8,000,000	8,204	–	8,000,000	8,231	–
8.40% GOI 2024	100	1,500,000	1,502	–	1,500,000	1,502	–
8.07% GOI 2017	100	2,500,000	2,482	–	2,500,000	2,466	–
7.94% GOI 2021	100	1,500,000	1,539	–	1,500,000	1,548	–
			46,554	1,998		48,457	500
<b>Unquoted :</b>							
<b>Investment in Equity Shares (Non-Trade)</b>							
Lands End Properties Limited	10	–	–	–	1,990,000	199	–
Shriram Properties Private Limited	10	2,223,569	3,935	–	1,913,465	2,773	–
Adithya Automotives Private Limited	10	1,396,500	140	–	1,396,500	140	–
Tata Tele Services Limited	10	62,250,000	14,318	–	62,250,000	14,318	–
Aricent Technologies Holdings Limited *	10	8	–	–	8	–	–
SKS Ispat & Power Limited	10	22,621,221	1,028	–	4,524,245	1,028	–
Varroc Engineering Private Limited *	10	1	–	–	1	–	–
TVS Logistics Services Limited	10	151,143	1,050	–	–	–	–
			20,471	–		18,458	–

**SCRIP-WISE DETAILS OF INVESTMENTS: (Contd...)**

(₹ in Lakh)

PARTICULARS	Face value Per Unit Rs	As at March 31, 2016			As at March 31, 2015		
		No. of Units	Non-Current Investments	Current portion of Non-Current Investments	No. of Units	Non-Current Investments	Current portion of Non-Current Investments
<b>Investment in Preference Shares (Non-Trade)</b>							
0.001% Spandana Spoorthy Financial Limited Optionally Cumulative Convertible Redeemable Preference Shares	10	20,400,000	1,122	306	20,400,000	1,428	357
Varroc Engineering Private Limited Series A Cumulative Convertible Preference Shares	100	2,521,007	2,521	–	2,521,007	2,521	–
0.001% Share Microfin Limited Optionally Cumulative Convertible Redeemable Preference Shares	10	1,260,000	90	36	1,575,000	126	32
			3,733	342		4,075	389
<b>Less: Provision for diminution in value of investments</b>			(5,858)	(36)		(8,874)	(3)
<b>Total Long Term Investments</b>			<b>90,304</b>	<b>2,304</b>		<b>88,685</b>	<b>886</b>
<b>CURRENT INVESTMENTS</b>							
<b>Quoted :</b>							
<b>Investment in Equity Shares (Non-Trade)</b>							
IVRCL LIMITED	2	2,776,522		428	706,149		172
Less: MTM Provision on Current Investment				(250)			(60)
				178			112
Investment in Units of Mutual Funds							
HDFC Debt Fund For Cancer Cure	10	500,000		50	500,000		50
				50			50
<b>Unquoted :</b>							
<b>Investment in Equity Shares (Non-Trade)</b>							
Coastal Projects Limited	10	4,101,806		410			–
Less: Provision for dimution on Current Investment				(18)			–
				392			–
<b>Total Current Investments</b>				<b>620</b>			<b>162</b>

PARTICULARS	As at March 31, 2016		As at March 31, 2015	
	Non-Current Investment	Current portion of Non-Current Investments	Non- Current Investment	Current portion of Non-Current Investments
<b>TOTAL INVESTMENTS</b>	<b>90,304</b>	<b>2,924</b>	<b>88,685</b>	<b>1,048</b>
Book value of Quoted investments	61,893	2,226	61,970	662
Market value of Quoted investments	63,284	2,240	64,119	662
Book value of Unquoted investments	28,411	698	26,715	386

\* amount less than ₹ 50,000.



## 14. DEFERRED TAX ASSET

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
Deferred Tax Asset (net)	21,811	15,841

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under: (₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
<b>Deferred Tax Assets :-</b>		
(a) Deferred tax assets on account of provisions for non-performing assets	22,676	16,700
(b) Provision for restructured advances	938	1,086
(c) Provision for standard assets	2,970	2,117
(d) Employee benefits	214	189
(e) Other deferred tax assets	540	453
<b>Deferred Tax Liabilities :-</b>		
(a) Debenture issue expenses	(405)	(302)
(b) Depreciation on fixed assets	(5,122)	(4,402)
<b>Net Deferred Tax Asset</b>	<b>21,811</b>	<b>15,841</b>

## 15. LOANS AND ADVANCES – FINANCING ACTIVITY

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
<b>NON-CURRENT</b>		
<b>(a) Secured Loans</b>		
(i) Considered good	1,175,265	930,115
(ii) Considered doubtful	9,231	7,390
	1,184,496	937,505
Less: Provision for doubtful loans	9,231	7,390
Less: Provisions against restructured standard assets	1,782	2,245
	1,173,483	927,870
<b>(b) Secured Credit Substitutes (Refer Note No. 15(b) below)</b>		
(i) Considered good	16,482	25,823
(ii) Considered doubtful	16,074	8,505
	32,556	34,328
Less: Provision for doubtful Credit Substitutes	16,074	8,505
	16,482	25,823
<b>(c) Unsecured Loans</b>		
(i) Considered good	154,372	82,312
(ii) Considered doubtful	657	77
	155,029	82,389
Less: Provision for doubtful loans	657	77
Less: Provisions against restructured standard assets	304	526
	154,068	81,786
<b>(d) Unsecured Credit Substitutes (Refer Note No. 15(b) below)</b>		
(i) Considered good	17,007	13,008
(ii) Considered doubtful	–	–
	17,007	13,008
Less: Provision for doubtful Credit Substitutes	–	–
	17,007	13,008
<b>TOTAL</b>	<b>1,361,040</b>	<b>1,048,487</b>

**15. LOANS AND ADVANCES – FINANCING ACTIVITY (Contd...)**

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
<b>CURRENT</b>		
<b>(a) Secured Loans</b>		
(i) Considered good	599,660	583,077
(ii) Considered doubtful	30,551	26,783
	630,211	609,860
Less: Provision for doubtful loans	30,551	26,783
Less: Provisions against restructured standard assets	533	299
	599,127	582,778
<b>(b) Secured Credit Substitutes (Refer Note No. 15(b) below)</b>		
(i) Considered good	21,010	28,354
(ii) Considered doubtful	5,018	1,995
	26,028	30,349
Less: Provision for doubtful Credit Substitutes	5,018	1,995
	21,010	28,354
<b>(c) Unsecured Loans</b>		
(i) Considered good	792,007	649,046
(ii) Considered doubtful	3,994	3,505
	796,001	652,551
Less: Provision for doubtful loans	3,994	3,505
Less: Provisions against restructured standard assets	91	69
	791,916	648,977
<b>(d) Unsecured Credit Substitutes (Refer Note No. 15(b) below)</b>		
(i) Considered good	33,558	40,860
(ii) Considered doubtful	–	–
	33,558	40,860
Less: Provision for doubtful Credit Substitutes	–	–
	33,558	40,860
<b>(d) Unsecured Inter Corporate Deposits</b>		
(i) Considered good	4,800	5,173
(ii) Considered doubtful	–	–
	4,800	5,173
Less: Provision for doubtful Credit Substitutes	–	–
	4,800	5,173
<b>TOTAL</b>	<b>1,450,411</b>	<b>1,306,142</b>
<b>TOTAL – LOANS AND ADVANCES FINANCING ACTIVITY</b>	<b>2,811,451</b>	<b>2,354,629</b>

**15. a. The details of Gross investments and unearned finance income in respect of assets given under finance lease are as under:**

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
<b>Gross Investments:</b>		
– Within one year	6,877	4,163
– Later than one year and not later than five years	14,975	5,598
– Later than five years	–	381
<b>TOTAL</b>	<b>21,852</b>	<b>10,142</b>
<b>Unearned Finance Income:</b>		
– Within one year	1,914	839
– Later than one year and not later than five years	2,570	4,602
– Later than five years	–	337
<b>TOTAL</b>	<b>4,484</b>	<b>5,778</b>
<b>Present Value of Rentals:</b>		
– Within one year	4,963	3,324
– Later than one year and not later than five years	12,405	996
– Later than five years	–	44
<b>TOTAL</b>	<b>17,368</b>	<b>4,364</b>

## 15. b. Scrip-wise details of Credit Substitutes:

(₹ in Lakh)

PARTICULARS	Face value Per Unit ₹	As at March 31, 2016			As at March 31, 2015		
		No. of Units	Non- Current	Current	No. of Units	Non- Current	Current
<b>Secured Quoted :</b>							
<b>Investment in Bonds and Debentures (Trade)</b>							
10.40% Meghmani Organics Limited	100,000	–	–	–	2,000	–	2,000
11.80% Elder Pharmaceuticals Limited	1,000,000	–	–	841	150	–	883
12.75% Diamond Power Infra limited	100,000	1,700	1,496	204	1,666	510	1,212
10.75% Kiri Industries Limited	1,000,000	400	–	–	400	–	921
12.90% Cholamandalam Investment & Finance Company Limited	500,000	1	–	5	1	–	5
10.50% Tulip Telecom Limited	1,000,000	1,748	14,948	2,957	1,850	16,885	1,151
12.65% Consolidated Construction Consortium Limited	1,000,000	200	1,920	79	200	2,000	–
12.50% Srei Equipment Finance Limited	1,000,000	–	–	–	7	65	–
12.90% Godawari Power and Ispat Limited	1,000,000	225	375	1,500	300	750	2,250
10.50% JM Financial Credit Solution Limited	600	600	6,000	–	–	–	–
			24,739	5,586		20,210	8,422
<b>Secured Unquoted :</b>							
<b>Investment in Debentures (Trade)</b>							
9% East Coast Constructions and Industries Limited	1,000	245,000	–	3,326	245,000	–	2,557
13.65% Metropolitan Infrahousing Private Limited	–	75	–	7,500	75	–	7,924
5.64% Mandava Holding Private Limited	–	–	–	1	–	–	–
8% JL Power Ventures Pvt Limited	10,000,000	40	4,000	–	38	3,800	–
12.40% TRIF Amritsar Projects Pvt. Ltd.	1,000,000	–	–	–	200	–	1,964
12.40% TRIF Amritsar Projects Pvt. Limited–Series C	1,000,000	–	–	–	150	1,369	104
12.40% TRIF Amritsar Projects Pvt. Limited–Series D	1,000,000	–	–	–	150	1,369	104
11% Cargo Solar Power Gujrat Limited	10,000	6,250	–	625	11,250	1,125	–
11% Cargo Solar Power Gujrat Limited	10,000	8,750	–	875	8,750	875	–
14.50% Arohi Infrastructure Private Limited	100	5,000,000	–	5,007	5,000,000	–	3,791
14.00% Ind Swift Laboratories Limited	–	–	–	–	–	–	16
			4,000	17,334		8,538	16,460
<b>Investment in Pass Through Certificates</b>							
Jindal ITF Limited–Series A to E	–	–	2,370	2,816	–	4,484	2,956
			2,370	2,816		4,484	2,956
<b>Add: Interest accrued but not due</b>			1,447	291		1,095	2,511
<b>Less: Provision for doubtful credit substitutes</b>			16,074	5,017		8,504	1,995
<b>Total Secured</b>			16,482	21,010		25,823	28,354
<b>Unsecured Quoted :</b>							
<b>Investment in Bonds and Debentures (Trade)</b>							
5% Trent Limited	1,000,000	100	–	–	100	–	1,000
10.25% Shriram Transport Finance Company Limited	1,000,000	250	2,500	–	250	2,500	–
12.25% Kolte Patil Developers Limited	1,000,000	400	4,000	–	400	4,000	–
10.45% IDBI Bank Limited	1,000,000	50	507	–	50	508	–
10% Indian Overseas Bank Limited	1,000,000	400	4,000	–	400	4,000	–
			11,007	–		11,008	1,000

PARTICULARS	Face value Per Unit ₹	As at March 31, 2016			As at March 31, 2015		
		No. of Units	Non- Current	Current	No. of Units	Non- Current	Current
<b>Investment in Preference Shares (Non-Trade)</b>							
10.75% Kiri Industries Limited	10	4,333,500	–	433	4,333,500	–	433
11.50% Mynally Bharat Engineering Co Ltd Cumulative Non Convertible Redeemable Preference Shares	100	625,000	4,000	9	625,000	–	4,009
			4,000	442		–	4,442
<b>Investment in Debentures (Trade)</b>							
10.90% Tata Motor Finance Limited	500,000	400	2,000	–	400	2,000	–
			2,000	–		2,000	–
<b>Investment in Pass Through Certificates</b>							
Capital DRL Trust Dec 143 Series B			–	–		–	271
HPR Trust Mar 151 Series A			–	–		–	5,807
Capital DRL Trust Feb 151 Series A			–	–		–	22,726
Capital DRL Trust Feb 151 Series B			–	–		–	6,064
Capital DRL Trust Dec Series B			–	280		–	–
Capital DRL Trust Feb Series B			–	2,261		–	–
Capital DRL Trust Mar Series B			–	30,352		–	–
Interest accrued but not due			–	32,893		–	34,868
<b>Add: Accrued Interest</b>			–	223		–	550
<b>Total Unsecured</b>			17,007	33,558		13,008	40,860
<b>Grand Total</b>			33,489	54,568		38,831	69,214

#### 16. LONG-TERM LOANS AND ADVANCES – OTHERS (UNSECURED – CONSIDERED GOOD) (₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Capital advances	12,214	7,246
(b) Loans and advances to related parties	469	1,877
(c) Security deposits	47	47
(d) Advance payment of Income tax, [Net of provision for tax ₹ 54,789 Lakh (As at March 31, 2015 ₹ 39,879 Lakh)]	6,310	2,183
(e) Others		
(i) Loan to TCL Employee Welfare Trust	7,302	7,296
(ii) Prepaid Expenses	251	249
<b>Total</b>	<b>26,593</b>	<b>18,898</b>

#### 17. OTHER NON-CURRENT ASSETS (₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Deferred revenue expenditure (to the extent not written off or adjusted) (Refer Note No. 21(a))	854	671
(b) Unamortised loan sourcing costs	4,635	2,995
<b>Total</b>	<b>5,489</b>	<b>3,666</b>

#### 18. TRADE RECEIVABLES (₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Over six months (from the date due for payment)		
(i) Secured, considered good	–	–
(ii) Unsecured, considered good	136	161
(iii) Doubtful	–	–
	136	161
Less: Provision for trade receivables	–	–
	136	161

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(b) Others		
(i) Secured, considered good	–	–
(ii) Unsecured, considered good	1,284	1,052
(iii) Doubtful	–	–
	1,284	1,052
Less: Provision for trade receivables	–	–
	1,284	1,052
<b>Total</b>	<b>1,420</b>	<b>1,213</b>

**19. CASH AND BANK BALANCES**

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Cash on Hand	733	613
(b) Cheques on Hand	795	1,081
(c) Balances with banks		
(i) In current accounts	2,967	2,664
(ii) In deposit accounts (Refer Note No. (ii) below)	3	1
<b>Total</b>	<b>4,498</b>	<b>4,359</b>

**Note:**

- Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statements is ₹ 4,495 Lakh (as at March 31, 2015 ₹ 4,358 Lakh)
- Balance in deposit accounts with Banks have an original maturity exceeding 3 months but balance maturity of under 12 months from the Balance Sheet date

**20. SHORT-TERM LOANS AND ADVANCES (UNSECURED CONSIDERED GOOD)**

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Loans and advances to related parties	283	1,370
(b) Security Deposits	6,881	6,850
(c) Others		
(i) Other advances	191	128
(ii) Pass Through Certificate application money (refundable)	2,527	6,819
(iii) Loan and advances to employees	89	74
(d) Prepaid expenses	388	444
(e) Balances with government authorities	1,085	543
<b>Total</b>	<b>11,444</b>	<b>16,228</b>

**21. OTHER CURRENT ASSETS**

(₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
(a) Deferred revenue expenditure (to the extent not written off or adjusted) (Refer Note No. 21(a))	333	334
(b) Receivable on sale of investment	540	16
Less : Provision for receivable on sale of investment	48	2
Net receivable on Sale of Investment	492	14
(c) Unamortised loan sourcing costs	6,275	4,174
(d) Interest accrued but not due on investments	1,339	1,349
(e) Income accrued but not due	1,162	839
(f) Assets held for sale	2,279	2,968
Less :Provision for assets held for sale	289	89
Carrying Value of Assets held for sale	1,990	2,879
(g) Other receivables	165	197
<b>Total</b>	<b>11,756</b>	<b>9,786</b>

**21. (a) Deferred Revenue Expenditure (to the extent not written off or adjusted)**

(₹ in Lakh)

PARTICULARS	As at	
	March 31, 2016	March 31, 2015
<b>(a) Unamortised share issue expenses</b>		
Opening balance	8	641
Add: Expenses incurred during the year	16	–
Less: written off during the year	22	633
Closing balance	1	8
<b>(b) Unamortised debenture issue expenses</b>		
Opening balance	873	779
Add: Expenses incurred during the year	619	378
Less: written off during the year	322	284
Closing balance	1,170	873
<b>(c) Unamortised loan processing charges</b>		
Opening balance	124	284
Add: Expenses incurred during the year	91	14
Less: written off during the year	199	174
Closing balance	16	124
<b>Total</b>	<b>1,187</b>	<b>1,005</b>

(₹ in Lakh)

PARTICULARS	As at March 31, 2016		As at March 31, 2015	
	Non-Current	Current	Non-Current	Current
(a) Unamortised share issue expenses	–	1	1	7
(b) Unamortised debenture issue expenses	853	317	660	213
(c) Unamortised loan processing charges	1	15	10	114
<b>Total</b>	<b>854</b>	<b>333</b>	<b>671</b>	<b>334</b>
<b>Grand Total</b>		<b>1,187</b>		<b>1,005</b>

**NOTES TO AND FORMING PART OF THE STATEMENT OF PROFIT & LOSS  
FOR YEAR ENDED MARCH 31, 2016**

**22. REVENUE FROM OPERATIONS**

(₹ in Lakh)

PARTICULARS	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
(a) Interest Income		
(i) From Secured Loans and Credit Substitutes	194,285	178,774
(ii) From Unsecured Loans and Credit Substitutes	95,859	75,547
(b) Income from Bill Discounting	4,354	5,693
(c) Others	23,326	19,022
<b>Total</b>	<b>317,824</b>	<b>279,036</b>

**23. INVESTMENT INCOME**

(₹ in Lakh)

PARTICULARS	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
(a) Dividend from Non-Current Investments	637	388
(b) Dividend from Current Investments	3	271
(c) Profit on sale of Non-current Investments	558	6,444
(d) Profit on sale of Current Investments	911	616
(e) Interest on Non-Current Investments	4,046	2,196
<b>Total</b>	<b>6,155</b>	<b>9,915</b>

**24. OTHER INCOME**

(₹ in Lakh)

PARTICULARS	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
(a) Income from operating leases	19,704	14,570
(b) Income from services	1	1
(c) Miscellaneous Income	3,450	3,017
<b>Total</b>	<b>23,155</b>	<b>17,588</b>

**25. FINANCE COSTS**

(₹ in Lakh)

PARTICULARS	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
(a) Interest expense	155,063	137,024
(b) Discounting Charges		
(i) On commercial paper	35,835	42,384
(ii) On Collateralised Borrowings and Lending Obligations (CBLO)	2,847	1,748
(iii) On debentures	371	788
<b>Total</b>	<b>194,116</b>	<b>181,944</b>

**26. EMPLOYEE BENEFIT EXPENSES**

(₹ in Lakh)

PARTICULARS	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
(a) Salaries, wages and bonus	24,779	19,250
(b) Contribution to provident and other fund (Refer Note No. 29)	1,576	1,227
(c) Staff welfare expenses	1,454	1,222
<b>Total</b>	<b>27,809</b>	<b>21,699</b>



**27. OTHER OPERATING EXPENSES**

(₹ in Lakh)

PARTICULARS	For the Year Ended March 31, 2016		For the Year Ended March 31, 2015	
(a) Advertisement and publicity		2,742		1,920
(b) Brand Equity and Business Promotion		996		762
(c) Corporate social responsibility cost		865		789
(d) Donations		3		19
(e) Equipment hire charges		279		347
(f) Incentive / commission / brokerage		9,295		5,912
(g) Information technology expenses		5,362		5,418
(h) Insurance charges		175		314
(i) Legal and professional fees		2,473		1,763
(j) Loan processing fees		1,501		1,063
(k) Printing and stationery		461		346
(l) Provision for doubtful loans (net of recoveries)		33,582		39,640
(m) Write off - Loans and advances	16,313		10,354	
Less : Provision reversal on write off	(16,313)	–	(10,354)	–
(n) Provision against assets held for sale		200		89
(o) Contingent provision against Standard Assets (Refer Note No. 33)		2,467		460
(p) Provision against Restructured Advances		(429)		369
(q) Provision for diminution in value of investments (net of reversals)		(2,919)		(6,653)
(r) MTM Provision on Current Investment		190		60
(s) Power and fuel		704		682
(t) Repairs and maintenance				
(i) Buildings	23		45	
(ii) Annual maintenance charges	270		213	
(iii) Others	157	450	118	376
(u) Rent		1,979		1,573
(v) Rates and taxes		121		132
(w) Stamp charges		407		513
(x) Service providers' charges		6,162		5,214
(y) Training and recruitment		588		602
(z) Telephone, telex and leased line		599		628
(aa) Travelling and conveyance		2,002		1,831
(ab) Loss on sale of Investment (Non-Current)		–		1,073
(ac) Directors sitting fees		50		45
(ad) Loss on sale of assets		1,180		185
(ae) Other expenses		2,356		1,789
<b>Total</b>		<b>73,841</b>		<b>67,261</b>

**27. (a) Auditors' Remuneration (excluding Service Tax):**

(₹ in Lakh)

PARTICULARS	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Audit Fees	110	88
Tax Audit Fees	5	5
Other Services	22	4
Out of Pocket Expenses	1	1
<b>Total</b>	<b>138</b>	<b>98</b>

(Auditors' remuneration is included in Other expenses)

**27. (b) Expenditure in Foreign Currency**

(₹ in Lakh)

PARTICULARS	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
Legal and professional fees	108	26
Travelling and conveyance	–	1
Training and recruitment	13	24
Other expenses	3	3

**27. (c) Corporate social responsibility expenses**

- (i) Gross amount required to be spent by the company during the year was ₹ 865 Lakh.  
(ii) Amount spent during the year on:

(₹ in Lakh)

PARTICULARS	PAID	YET TO BE PAID	TOTAL
Construction / acquisition of any asset	–	–	–
On purposes other than above	865	–	865

**28. CONTINGENT LIABILITIES AND COMMITMENTS:****(a) 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 : (₹ in Lakh)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
Income Tax (Pending before Appellate authorities)	2,812	776
VAT (Pending before Appellate authorities)	36	223

**(b) Commitments:**

- i. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1,111 (as at March 31, 2015: ₹ 154 Lakh).

**29. Employee benefits****Defined Contribution Plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company offers its employees defined contribution plans in the form of provident fund, family pension fund and superannuation fund. Provident fund and family pension fund cover all regular employees while the contribution to superannuation fund is at the option of the employee. Contributions towards superannuation are paid into a superannuation fund. The superannuation fund is managed by independent agencies while provident fund is managed by a trust fund set by the Company. While both the employees and the Company pay predetermined contributions into the provident fund, contributions into the family pension fund and the superannuation fund are made only by the Company. The contributions are based on a certain proportion of the employee's salary.

The Company recognised a charge of ₹902 Lakh (Previous year ₹725 Lakh) for provident fund and family pension fund contribution and ₹114 Lakh (Previous year ₹125 Lakh) for contribution towards the superannuation fund in the Statement of Profit and Loss.

The provident fund set up as a Trust by the Holding Company Tata Capital Limited manages the contributions from the Company and other participating fewer subsidiaries. As of March 31, 2016, the accumulated members' corpus of the Company is ₹ 2,993 Lakh whereas the total fair value of the assets of the fund and the total accumulated members' corpus is ₹ 8,925 Lakh and ₹ 13,695 Lakh respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.75% for the first year and 8.60% thereafter. The actuarial assumptions include discount rate of 8.20%.

#### Defined Benefits Plans

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 provident and other fund in Note No.26 Employee Benefit Expenses). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before separation). The gratuity scheme covers all regular employees. Commitments are actuarially determined at year-end. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

#### Reconciliation of Benefit Obligations and Plan Assets

₹ in Lakh

PARTICULARS	2015-16	2014-15
<b>Change in Defined Benefit Obligation</b>		
Opening Defined Benefit Obligation	1,571	1,026
Current Service Cost	289	202
Interest Cost	113	93
Transfer under the scheme of arrangement	(12)	(19)
Actuarial Losses / (Gain)	173	320
Benefits Paid	(247)	(51)
Closing Defined Benefit Obligation	1,887	1,571
<b>Change in the Fair Value of Assets</b>		
Opening Fair Value of Plan Assets	1,506	946
Acquisition Cost / Transfer in	(25)	(14)
Expected Return on Plan Assets	123	89
Contributions by Employer	66	337
Actuarial Gains	(90)	148
Benefits paid	–	–
Closing Fair Value of Plan Assets	1,580	1,506
<b>Reconciliation of present value of the obligation and the Fair value of the plan Assets</b>		
Fair Value of plan assets at the end of the year	1,580	1,506
Present value of the defined obligations at the end of the year	1,887	1,571
Funded status Deficit	(307)	(65)
Unrecognised past service cost	–	–
Net Liability recognised in the Balance Sheet	(307)	(65)
<b>Net Gratuity cost for the year ended March 31, 2016</b>		
Service Cost	289	202

## Reconciliation of Benefit Obligations and Plan Assets

₹ in Lakh

PARTICULARS	2015-16	2014-15
Interest on Defined benefit Obligation	113	93
Expected return on plan assets	(123)	(89)
Net actuarial loss recognised in the year	280	171
Net Gratuity Cost	560	377
<b>Actual contribution and benefit payments for the year</b>		
Actual benefit payments	(247)	(51)
Actual contributions	66	337
<b>Categorization of plan assets is as follows</b>		
Investment Pattern		
Insurer managed funds:		
Government Bonds	44%	40%
Equity mutual funds	23%	17%
Bonds / Debentures	24%	35%
Others (Including as under scheme of Insurance)	9%	8%
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Assumptions</b>		
Discount Rate	8.20%	7.80%
Expected Rate of Return on Plan Assets	8.00% p.a	8.00% p.a
Salary Escalation Rate	7.50% p.a for first 5 years and 5% thereafter.	7.50% p.a for first 5 years and 5% thereafter.
Mortality Rate	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal Rate	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%”

₹ in Lakh

Experience adjustment	2015-16	2014-15	2013-14	2012-13	2011-12
– On Plan Liabilities	(228)	(41)	(96)	7	6
– On Plan Assets	(90)	148	16	(5)	(8)
Present value of benefit obligation	(1,887)	(1,571)	(1,026)	(1,017)	(877)
Fair value of Plan Assets	1580	1506	946	925	791
Excess of (obligation over plan assets)	(307)	(65)	(80)	(92)	(86)

The estimate of future salary increase, considered in the actuarial valuation, takes into account inflation, seniority, promotion, and other relevant factors. The above information is certified by the actuary.

The Company expects to contribute approximately ₹ 307 Lakh (Previous year ₹ 64 Lakh) to the gratuity fund in the year ending March 2017.

**Long Term Service Award:**

Long Term Service award is an employee benefit in recognition for their loyalty and continuity of service for five years and above, the same is actuarially valued (unfunded). The Long Term Service awards expense for financial year 2015-16 is ₹ 29 Lakh (Previous year ₹ 39 Lakh) and the provision as at March 31, 2016 is ₹ 106 Lakh (Previous year ₹ 91 Lakh)

**30. Disclosure as required by Accounting Standard (AS) – 18 on “Related Party Disclosures”**
**i. List of related parties and relationship:**

Ultimate Holding Company	Tata Sons Limited
Holding Company	Tata Capital Limited
Fellow Subsidiaries (with which the company had transactions)	Tata Securities Limited Tata Capital Pte. Limited Tata Capital Advisors Pte Ltd Tata Capital Markets Pte Ltd Tata Capital General Partners LLP Tata Capital Healthcare General Partners LLP Tata Opportunities General Partners LLP Tata Capital Plc TC Travel and Services Limited Tata Capital Housing Finance Limited Tata Capital Forex Limited Tata Cleantech Capital Limited
Subsidiaries of ultimate holding company (with which the company had transactions)	Tata Business Support Services Limited Tata Sky Limited Tata Consultancy Services Limited Tata AIG General Insurance Company Limited Tata AIA Life Insurance Company Limited Infiniti Retail Limited Ewart Investments Limited Tata International Limited Tata Consulting Engineers Limited Tata Housing Development Company Limited Tata Asset Management Limited TRIF Amritsar Projects Private Limited Calsea Footwear Private Limited Kriday Realty Private Limited Automotive Stamping And Assemblies Limited Taj Air Limited Tata Advanced Systems Limited Tata Industries Limited Tata Lockheed Martin Aerostructures Limited TRIF Real Estate And Development Limited
Associates	International Asset Reconstruction Company Private Limited
Key Management Personnel	Mr. Praveen P Kadle

**ii. Transactions with related parties :**

Sr. No.	Party Name	Nature of transaction	2015-16	2014-15
1	Tata Sons Limited	a) Expenses: – Brand Equity and Business Promotion – Rent – Other charges b) Income: – Reimbursement of Rent – Interim Interest c) Asset: – Security deposit receivable d) Liability: – Balance Payable	996 24 33 – 3 12 959	762 24 56 191 – 12 737
2	Tata Capital Limited	a) Expenses: – Interest expenses on Inter-Corporate Deposit – Interest expenses on debentures – Rent – Marketing & managerial service fee b) Income: – Preference share arranger fees – Service Provider charges – Reimbursement of Rent & Guest house c) Amount raised by issue of Non-Convertible Subordinated debentures d) Amount raised by issue of Perpetual Non-Convertible debentures e) Amount raised by issue of Compulsory Convertible Cumulative Preference Shares f) Interim dividend paid – Equity Shares – Preference Shares g) Security Deposit received h) Inter Corporate Deposit accepted / repaid during the year: – Inter Corporate Deposit received during year – Inter Corporate Deposit repaid during year i) Asset: – Security Deposit Receivable j) Liability: – Interim dividend Payable on Equity Shares – Inter Corporate Deposit Payable – Borrowings: – Non-Convertible Subordinated debentures – Borrowings: – Perpetual Non-Convertible debentures – Balance Payable	6,453 538 1,089 1,202 177 42 23 – 10,000 16,000 17,517 187 – 700,373 652,421 4,665 – 50,552 5,000 10,000 161	3,042 5 741 993 27 – 17 20,000 – – 6,488 – 3 253,819 264,309 4,665 7,785 2,600 20,000 – 94
3	Tata Securities Limited	a) Expenses: – Brokerage expenses – Services Received b) Income: – Reimbursement of expenses – Rent & Others	4 14 240	50 – 215

Sr. No.	Party Name	Nature of transaction	2015-16	2014-15
		c) Transfer of Fixed Assets (Purchase)	11	-
		d) Asset: Balance Receivable (Towards expenses incurred on their behalf)	22	1,196
4	Tata Capital Pte. Limited	a) Income: - SLA fees - Reimbursement of expenses b) Asset: Balance Receivable	10 8 10	20 2 21
5	Tata Capital Advisors Pte Limited	a) Income: - SLA fees - Reimbursement of expenses b) Asset: Balance Receivable	6 4 7	- - -
6	Tata Capital Markets Pte Ltd	a) Income: - SLA fees - Reimbursement of expenses b) Asset: Balance Receivable	6 2 6	- - -
7	Tata Capital General Partners LLP	a) Income: - SLA fees - Reimbursement of expenses b) Asset: Balance Receivable	1 1 1	- - -
8	Tata Capital Healthcare General Partners LLP	a) Income: - SLA fees - Reimbursement of expenses b) Asset: Balance Receivable	0 1 0	- - -
9	Tata Opportunities General Partners LLP	a) Income: - SLA fees - Reimbursement of expenses b) Asset: Balance Receivable	0 1 0	- - -
10	Tata Capital Plc	a) Income: - SLA fees - Reimbursement of expenses b) Asset: Balance Receivable	5 2 5	4 - 4
11	TC Travel and Services Limited	a) Expenses: - Travel related services b) Income: - Reimbursement of Rent & Others c) Transfer of Fixed Assets (sale) d) Transfer of retiral liability of Employee e) Asset: Balance Receivable	552 125 4 1 447	509 120 - - 681



Sr. No.	Party Name	Nature of transaction	2015-16	2014-15
12	Tata Capital Housing Finance Limited	a) Expenses: – Sourcing Fee – Rent & others b) Income: – Loan Sourcing Fee – Reimbursement of Rent & Others c) Transfer of Fixed Asset (Purchase) d) Amount paid for transfer of mortgage rights of property e) Amount transferred for security deposit received from landlord on behalf of TCHFL f) Investments in Tier II Bonds/Debenture during the year g) Asset: Balance Receivable h) Liability: Security deposit Payable	0 42 – 882 2 – 6 3,000 140 –	3 60 392 1,021 – 290 – – 899 8
13	Tata Capital Forex Limited	a) Income: – Reimbursement of Rent & Others b) Expenses: – Travel related services c) Asset: Balance Receivable	94 18 29	153 – 62
14	Tata Cleantech Capital Limited	a) Expenses: – Referral Fees – Advisory Fees – Guest house expenses – Management Fee b) Income: – Reimbursement of Rent & Others c) Assignment of Portfolio d) Balance Receivable / (Payable)	– 8 10 22 71 – (7)	108 – – 490 60 38,003 186
15	Tata Business Support Services Limited	a) Expenses: – Service Provider Charges b) Income: – Lease Income – Processing Fee – Syndication Fee – Reimbursement of Expenses – Interest Income on Loan c) Asset: – Loan Outstanding – Loan repaid during the year – Finance Lease: Facility given during the year Repaid during year Lease Debtors Outstanding facility d) Liability – Security deposit received – Balance receivable	6,149 302 – – 178 161 1,313 329 204 53 2 1,008 37 87	4,795 234 2 15 98 200 1,642 7,512 896 39 – 857 – 142

Sr. No.	Party Name	Nature of transaction	2015-16	2014-15
16	Tata Sky Limited	Invoice discounting repaid during the year Interest received on loan given	- -	3,365 85
17	Tata Consultancy Services Limited	a) Expenses: - IT outsourcing - Interest paid on Inter Corporate Deposit b) Reimbursement of expenses c) Inter Corporate Deposit repaid during the year d) Asset: - Balance Receivable e) Liability: - Balance Payable	4,576 - 83 - 1 1577	4,986 1,375 411 28,000 253 -
18	Tata AIG General Insurance Company Limited	a) Expenses : - Insurance Expenses b) Income : - Advertisement & Marketing - Insurance Commission Receivable / (payable)	759 152 193 (5)	284 122 - -
19	Tata AIA Life Insurance Company Limited	a) Expenses: - Insurance Expenses on behalf of customers - Insurance Expense for Employees - Claims Repaired Balance Payable	147 30 13 1	88 12 - 7
20	Infiniti Retail Limited	Expenses – Incentive & others Purchase of Fixed Assets	461 3	53 26
21	Ewart Investments Limited	Security Deposit receivable	-	190
22	Tata International Limited	Expenses: Marketing Charges	-	3
23	Tata Consulting Engineers Limited	Income : Interest Income Expenses : Professional Charges Outstanding Inter Corporate Deposit Balance Payable	21 4 1,000 4	- - - -
24	Tata Housing Development Company Limited	a) Income: - Referral Fee - Syndication Fees - Interest income on Loan b) Loan given during the year c) Loan repaid during the year d) Asset: - Outstanding loan - Balance Receivable	2 25 20 - 2,000 - - 1	84 - 85 2,000 - 2,000 26
25	International Asset Reconstruction Company Private. Limited	- Investment in Security Receipts during the year - Redemption of Investment during the year - Balance Receivable	159 58 984	105 - 882
26	Tata Asset Management Limited	Income – Portfolio Management Service Balance Receivable	20 0	49 -
27	TRIF Amritsar Projects Private Limited	Income : Interest Income on NCDs Investment redeemed in NCD during the year Asset : Outstanding Debentures	321 4,910 -	618 - 4,910
28	Calsea Footwear Private Limited	Income – Interest income on ICD ICD given during the year Loan repaid during the year Asset : Outstanding ICD	115 1,100 1,000 1,100	28 1,000 - 1,000

Sr. No.	Party Name	Nature of transaction	2015-16	2014-15
29	Kriday Realty Private Limited	Income – Distribution Income	–	1
30	Automotive Stamping And Assemblies Limited	Income – Interest income on Loan Loan given during the year Loan repaid during the year Asset : Outstanding loan	218 1 149 1,851	31 2,000 – 1,999
31	Taj Air Limited	Interest income on Loan Outstanding loan	395 3,500	171 3,500
32	Tata Advanced Systems Limited	a) Income: – Interest Income – Interim Rent b) Finance Facility: Facility given during the year Repaid during year Outstanding facility	1 0 9 1 8	– – – – –
33	Tata Industries Limited	a) Income: – Lease Income b) Expense – Project Expenses c) Finance Lease Facility – Facility given during the year – Repaid during year – Outstanding Facility – Balance Receivable (Payable)	839 55 625 161 487 (264)	– – – – 23 –
34	Tata Lockheed Martin Aerostructures Limited	a) Lease Income b) Finance Facility: Facility given during the year Repaid during year Outstanding facility	1 15 1 14	– – – –
35	TRIF Real Estate And Development Limited	Income: Referral Fee Balance receivable	2 2	– –
36	Key Management Personnel	Expenses : Interest on Non – convertible debentures Liability : Outstanding Debentures	2 20	2 20

\* Amount below ₹ 50,000

31. 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:

(₹ in Lakh)

Lease Payments	As at March 31, 2016	As at March 31, 2015
– Within one year	854	707
– Later than one year and not later than five years	581	1,147
– Later than five years	46	47

The amount charged towards lease rentals (as part of Rent expenditure) is ₹ 1,979 Lakh (Previous year: ₹ 1,573 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:

(₹ in Lakh)

Lease Payments	As at March 31, 2016	As at March 31, 2015
Lease Payments		
– Within one year	11,844	10,238
– Later than one year and not later than five years	25,772	10,138
– Later than five years	33	388

Accumulated Depreciation on lease assets is ₹ 21,290 Lakh (Previous year: ₹ 14,513 Lakh).

Accumulated Impairment losses on the leased assets ₹ Nil (Previous year ₹ Nil)

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

PARTICULARS		2015-16	2014-15
Profit after tax	₹ in Lakh	26,579	18,733
Less: Preference dividend (including Dividend distribution tax)	₹ in Lakh	225	Nil
Profit after tax for Basic EPS	₹ in Lakh	26,354	18,733
Weighted average number of Equity shares used in computing Basic earnings per share	Nos	1,297,550,000	1,297,550,000
Face value of equity shares	Rupees	10	10
<b>Basic earnings per share</b>	<b>Rupees</b>	<b>2.03</b>	<b>1.44</b>
Profit after tax for Basic EPS	₹ in Lakh	26,354	18,733
Add: Preference dividend on Compulsorily Convertible Cumulative Preference shares	₹ in Lakh	225	Nil
Profit after tax for diluted EPS	₹ in Lakh	26,579	18,733
Weighted average number of Equity Shares used in computing Basic earnings per share	Nos	1,297,550,000	1,297,550,000
Add: Potential weighted average number of Equity shares that could arise on conversion of preference shares	Nos	3,968,092	Nil
Weighted average number of shares in computing Diluted earnings per share	Nos	1,301,518,092	1,297,550,000
Face value of equity shares	Rupees	10	10
<b>Diluted earnings per share</b>	<b>Rupees</b>	<b>2.03</b>	<b>1.44</b>

### 33. Movement in Contingent provisions against Standard Assets during the year is as under:

(₹ in Lakh)

PARTICULARS	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening Balance	6,116	5,656
Add: Additions during the year	2,467	460
Less: Utilised during the year	-	-
Closing Balance	8,583	6,116

**34. Segment Reporting**

In accordance with Accounting Standard 17 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

(₹ in Lakh)

PARTICULARS	For the Year Ended March 31, 2016	For the Year Ended March 31, 2015
<b>I. Segment Revenue</b>		
a) Financing Activity	317,824	279,036
b) Investment Activity	6,155	9,915
c) Others	23,155	17,588
<b>Total</b>	<b>347,134</b>	<b>306,539</b>
Less : Inter Segment Revenue	–	–
<b>Total Income</b>	<b>347,134</b>	<b>306,539</b>
<b>II Segment Results</b>		
a) Financing Activity	34,533	15,383
b) Investment Activity	8,885	15,050
c) Others	5,877	4,844
<b>Total</b>	<b>49,295</b>	<b>35,277</b>
Less : Unallocated Corporate Expenses	10,247	10,244
<b>Profit before taxation</b>	<b>39,048</b>	<b>25,033</b>
Less : Provision for taxation	12,469	6,300
<b>Profit after taxation</b>	<b>26,579</b>	<b>18,733</b>
<b>III Segment Assets</b>		
a) Financing Activity	2,845,033	2,387,031
b) Investment Activity	95,093	91,084
c) Others	69,935	52,610
d) Unallocated	48,939	42,890
<b>Total</b>	<b>3,059,001</b>	<b>2,573,615</b>
<b>IV Segment Liabilities</b>		
a) Financing Activity	2,615,540	2,175,499
b) Investment Activity	193	118
c) Others	72,257	52,901
d) Unallocated	11,948	16,683
<b>Total</b>	<b>2,699,938</b>	<b>2,245,200</b>
<b>V Capital Expenditure (Including Capital Work-In-Progress)</b>		
a) Financing Activity	-	-
b) Investment Activity	-	-
c) Others	27,175	31,235
d) Unallocated	2,135	2,293
<b>Total</b>	<b>29,310</b>	<b>33,528</b>
<b>VI Depreciation and Amortisation</b>		
a) Financing Activity	576	656
b) Investment Activity	–	–
c) Others	10,038	7,796
d) Unallocated	1,163	1,059
<b>Total</b>	<b>11,777</b>	<b>9,511</b>
<b>VII Significant Non-Cash Expenses Other than Depreciation and Amortisation</b>		
a) Financing Activity	36,341	40,588
b) Investment Activity	(2,729)	(5,520)
c) Unallocated	22	633
<b>Total</b>	<b>33,634</b>	<b>35,671</b>

### 35. Capital to Risk Assets Ratio (CRAR)

PARTICULARS	As at March 31, 2016	As at March 31, 2015
CRAR (%)	16.34%	15.91%
CRAR – Tier I Capital (%)	11.79%	11.31%
CRAR – Tier II Capital (%)	4.55%	4.60%
Amount of subordinated debt raised as Tier-II Capital	29,000	41,000
Amount raised by issue of Perpetual Debt Instruments	40,000	-

### 36. Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities (Based on RBI Guidelines)

For the financial year 2015-16

(₹ 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)	127,582	153,700	-	355,691	48,552	-
Over One month to 2 months	-	198,300	-	279,783	-	-
Over 2 months upto 3 months	60,000	227,584	-	201,645	-	-
Over 3 months to 6 months	52,200	100,677	-	248,928	-	-
Over 6 months to 1 year	351,677	266,523	-	393,045	-	-
Over 1 year to 3 years	50,000	665,888	-	660,273	21,585	-
Over 3 years to 5 years	-	142,040	-	223,090	-	-
Over 5 years	-	142,550	-	448,998	23,091	-
<b>Total</b>	<b>641,459</b>	<b>1,897,262</b>	<b>-</b>	<b>2,811,453</b>	<b>93,228</b>	<b>-</b>

For the financial year 2014-15

(₹ 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)	124,108	157,960	-	416,022	48,957	-
Over One months to 2 months	20,000	301,430	-	314,655	-	-
Over 2 months upto 3 months	3,500	30,495	-	81,122	-	-
Over 3 months to 6 months	190,034	111,500	-	231,954	-	-
Over 6 months to 1 year	229,902	214,750	-	369,475	-	-
Over 1 year to 3 years	65,000	438,068	-	742,167	19,582	-
Over 3 years to 5 years	-	171,953	-	197,057	1,550	-
Over 5 years	-	64,076	-	2,177	19,644	-
<b>Total</b>	<b>632,544</b>	<b>1,490,232</b>	<b>-</b>	<b>2,354,629</b>	<b>89,733</b>	<b>-</b>

37. Disclosure of details as required by Revised Para 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, earlier Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.

Liabilities Side:

(₹ in Lakh)

PARTICULARS	Amount Outstanding		Amount Overdue	
	31.03.16	31.03.15	31.03.16	31.03.15
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid				
a) Debentures: (other than those falling within the meaning of Public deposit)				
(i) Secured	1,128,710	1,000,533	-	-
(ii) Unsecured	252,249	143,549	-	-

PARTICULARS	Amount Outstanding		Amount Overdue	
	31.03.16	31.03.15	31.03.16	31.03.15
b) Deferred Credits	–	–	–	–
c) Term Loans	245,119	325,153	–	–
d) Inter-corporate loans and borrowing	51,267	7,815	–	–
e) Commercial Paper	478,437	346,195	–	–
f) Other loans (Collateralised Borrowings and Lending Obligations (CBLO))	47,971	46,936	–	–
(i) Loan from Bank				
– Working Capital Demand Loan	59,628	48,573	–	–
– Overdraft	337,109	259,045	–	–

## Assets side:

(₹ in Lakh)

PARTICULARS	Amount Outstanding	
	2015-16	2014-15
2) Break up of Loans and Advances including bills receivables (other than those included in (3) below)		
a) Secured	1,025,441	833,617
b) Unsecured	1,001,349	789,804
3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
a) Lease assets including lease rentals under sundry debtors:		
(i) Financial Lease	17,666	8,375
(ii) Operating Lease	56,156	43,870
b) Stock on hire including hire charges under sundry debtors		
(i) Assets on hire	1,112	866
(ii) Repossessed assets	–	–
c) Other loans counting towards Asset Financing Company activities		
(i) Loans where assets have been repossessed	1,990	3,293
(ii) Other loans	765,882	721,967
4) Break up of Investments		
<b>Current Investments:</b>		
a) <b>Quoted:</b>		
(i) Shares: Equity	178	112
Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of Mutual Funds	50	50
(iv) Government Securities	–	–
(v) Others	–	–
b) <b>Unquoted:</b>		
(i) Shares: Equity	392	–
Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of Mutual Funds	–	–
(iv) Government Securities	–	–
(v) Others (Pass through certificates)	–	–
<b>Long-Term Investments (Net of Provision)</b>		
a) <b>Quoted:</b>		
(i) Shares: Equity	15,339	13,513
Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of Mutual Funds	–	–



**Assets side:**

(₹ in Lakh)

PARTICULARS	Amount Outstanding	
	2015-16	2014-15
(iv) Government Securities	48,552	48,957
(v) Others	-	-
<b>b) Unquoted:</b>		
(i) Shares: Equity	23,784	21,771
Preference	3,949	4,448
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others		
– Pass through certificates	-	-
– Security Receipts	984	882

## 5) Borrower group-wise classification of assets financed as in (2) and (3) above

(₹ in Lakh)

PARTICULARS	Amount net of provisions					
	Secured		Unsecured		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
a) Related Parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	9,221	15,647	3,122	11,400	12,343	27,047
(iii) Other related Parties	-	-	-	-	-	-
b) Other than related parties	1,800,881	1,549,178	998,227	778,404	2,799,108	2,327,582
<b>TOTAL</b>	<b>1,810,102</b>	<b>1,564,825</b>	<b>1,001,349</b>	<b>789,804</b>	<b>2,811,451</b>	<b>2,354,629</b>

## 6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

(₹ in Lakh)

PARTICULARS	Market Value/Break up or fair value or NAV		Book Value (Net of Provisions)	
	2015-16	2014-15	2015-16	2014-15
a) Related Parties				
(i) Subsidiaries	-	-	-	-
(ii) Companies in the same group	14,318	14,318	14,318	14,318
(iii) Other related Parties	4,504	4,265	4,297	4,195
b) Other than related parties	74,780	75,327	74,613	71,220
<b>TOTAL</b>	<b>93,602</b>	<b>93,910</b>	<b>93,228</b>	<b>89,733</b>

**Notes:**

- Market Value / Break up Value or Fair Value or NAV is taken as same as book value in case of unquoted shares in absence of market value / break up value or fair value or NAV.
- Companies in the same group have been considered to mean companies under the same management as per Section 370(1B) of the Companies Act, 1956.

## 7) Other Information

(₹ in Lakh)

PARTICULARS	2015-16	2014-15
a) Gross Non-Performing Assets		
1) Related parties	–	–
2) Other than related parties	<b>153,655</b>	137,476
b) Net Non-Performing Assets	–	–
1) Related parties	–	–
2) Other than related parties	<b>88,130</b>	89,220
c) Assets acquired in satisfaction of debt	<b>18,058</b>	19,218

38. Loans and advances - Financing Activity (Secured) include ₹ Nil (Previous Year: ₹ 471 Lakh) being the value of equipment repossessed, necessary provision for which is made and ₹ 433 Lakh (Previous Year: ₹ 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 ₹ 2,279 Lakh (Previous Year: ₹ 2,968 Lakh) being the value of immovable property, necessary provision for which is made. Long term investments include ₹ 15,346 Lakh (Previous year: ₹ 15,346 lakh) being the value of the unquoted equity shares acquired in satisfaction of the respective loans under the Settlement Agreement.
39. During previous year ended March 31, 2015 the Company had acquired 62,250,000 unquoted equity shares of Tata Teleservices Limited, as part of a loan conciliation/settlement agreement (the "Settlement Agreement") with the borrower. The equity shares had been recorded at a cost of ₹ 14,318 Lakh, being the carrying amount of the loan settled, and classified as a part of the Company's Long Term Investments. In addition to the above, the Company had entered into a "Shareholders" Agreement with the borrower which includes, provision like seeking approvals for sale from the borrower, right of first refusal to purchase the said shares by the borrower, call option favoring borrower and a put option favoring the Company with a minimum threshold price. Further, the agreement defines the proportion of sharing of surplus arising on sale of the said shares. The entire arrangement is time bound with latest expiry being 36 months from date of Shareholder's Agreement. As at the Balance Sheet date, the company does not have any liability with regard to its commitments.
40. During previous year ended March 31, 2015, the Company had sold 1,277,920 equity shares of State Bank of India for a total consideration of ₹ 25,600 Lakh resulting in a gain of ₹ 6,254 Lakh.
41. During the current year, the Company has made an incremental standard asset provision of ₹ 1,102 Lakh being 0.30% (FY 14-15: 0.25%) of Standard Assets as of March 31, 2015, as specified by RBI Notification No.DNBR.009/ CGM(CDS)-2015 dated March 27, 2015.
42. During the current year, the Company has changed its NPA provisioning policy based on the RBI Notification No. DNBR.009/CGM(CDS)-2015 dated March 27, 2015 pursuant to which loans outstanding for a period exceeding 150 days are classified as sub-standard assets and sub-standard assets for a period exceeding 16 months are classified as doubtful assets. The impact in the financials on account of this change is ₹ 870 Lakh and ₹ 655 Lakh respectively.
43. 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 and Advances – Financing Activity (Note No. 15). In the past these were classified as a part of Investments (Note No. 13). Management believes that the current period's classification results in a better presentation of the substance of these receivables and is in alignment with regulatory filings.
44. The Company has reported frauds aggregating ₹ 68 Lakh (Previous year : ₹ 28 Lakh) based on management reporting to risk committee and to the RBI through prescribed returns.



**46. As per RBI Notification No. DNBR. 019/CGM (CDS)-2015 dated April 10, 2015, Additional Disclosures are required in the Annual Financial Statements as follows:**

(i) The Company has following Registrations effective as on March 31, 2016:

Issuing Authority	Registration No., if any	Date of registration	Valid upto	Registered as
Reserve Bank of India	13.020	4-Nov-11	–	NBFC-ND-SI
Reserve Bank of India	–	14-Jan-13	13-Jan-17	Marketing and distribution of Co-branded Credit Card
Association of Mutual Fund of India	ARN No. 84894	12-Mar-15	11-Mar-18	Distributor of MF products (ARN)
Securities and Exchange Board of India	INA000002215	17-Sep-14	16-Sep-19	Investment Advisor

(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- 2nd Feb 2015, CARE- 2nd November 2015, CRISIL- 19th January, 2016
(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)
(v)	Rating of products	
	(a) Commercial Paper	ICRA A1+
	(b) Debentures	Secured/Unsecured Non Convertible Debentures ICRA AA+ and CRISIL AA+ CARE AA+, Tier II Debentures ICRA AA+ , CRISIL AA+ and CARE AA+, Perpetual Debentures CRISIL AA- , CARE AA and ICRA AA
	(c) Others	Short Term Bank Loans ICRA A1 Long Term Bank Loans ICRA AA+ and CARE AA+

(iii) RBI has not levied any penalties on the Company during the year.

(iv) Off Balance Sheet Exposure as on March 31, 2016 is as follows:

(a) Undrawn Commitment given to Borrowers

As on March 31, 2016 ₹ 215,642 Lakh (Previous Year: ₹ 193,139 Lakh)

Less than 1 Year: ₹ 122,347 Lakh (Previous Year: ₹ 71,700 Lakh)

More than 1 Year: ₹ 93,295 Lakh (Previous Year: ₹ 121,439 Lakh)

(b) Financial and Other Guarantees ₹ 17,768 Lakh (Previous Year : ₹ 17,137 Lakh)

(c) Others (Tax Matters) ₹ 2,848 Lakh (Previous Year : ₹ 223 Lakh)

(v) Provisions and Contingencies

(₹ in Lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss	FY 15-16	FY 14-15
Provisions for depreciation on Investment	(2,919)	(6,653)
Provision for MTM Loss on Investments	190	60
Provision towards NPA	33,582	39,640
Provision against assets held for sale	200	89
Provision towards Restructured Standard Assets	(429)	369

(₹ in Lakh)

<b>Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss</b>	<b>FY 15-16</b>	<b>FY 14-15</b>
Provision made towards Income tax	<b>12,469</b>	6,300
Other Provision and Contingencies (with details):		
– Provision for Employee Benefits	<b>327</b>	164
– Provision for Standard Assets	<b>2,467</b>	460
<b>Total</b>	<b>45,887</b>	<b>40,430</b>

(vi) Concentration of Advances & Exposures as per Para 24 of the RBI Norms stood as follows:

Advances # (₹ in Lakh)

<b>PARTICULARS</b>	<b>FY 15-16</b>	<b>FY 14-15</b>
Total Advances to twenty largest borrowers	<b>281,947</b>	253,612
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	<b>9.79%</b>	10.54%

# Includes Loans, Advances & Credit Substitutes

Exposure \* (₹ in Lakh)

<b>PARTICULARS</b>	<b>FY 15-16</b>	<b>FY 14-15</b>
Total Advances to twenty largest borrowers	<b>297,411</b>	269,141
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	<b>10.15%</b>	10.96%

\* Includes Loans, Advances, Credit Substitutes & Investment in Equity Shares, Preference Shares, Security Receipts & Mutual Funds

(vii) The Company does not have any Joint Ventures and Subsidiaries abroad. 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 :**

<b>Sr No</b>	<b>PARTICULARS</b>	<b>FY 15-16</b>	<b>FY 14-15</b>
(a)	No. of complaints pending at the beginning of the year	<b>45</b>	69
(b)	No. of complaints received during the year	<b>2,052</b>	2,116
(c)	No. of complaints redressed during the year	<b>2,072</b>	2,140
(d)	No. of complaints pending at the end of the year*	<b>25</b>	45

\* Complaints related to March 2016 outstanding as on the of signing of Balance Sheet : Nil

(ix) The Company has not done any Securitisation during the financial year. (Previous Year: Nil)

(x) Details of Assignment transactions undertaken by NBFCs: (₹ Lakh)

<b>Sr No.</b>	<b>PARTICULARS</b>	<b>FY 15-16</b>	<b>FY 14-15</b>
1	No. of accounts*	–	18
2	Aggregate value (net of provisions) of accounts sold	–	38,003
3	Aggregate consideration	–	38,003
4	Additional consideration realized in respect of accounts transferred in earlier years	–	–
5	Aggregate gain / loss over net book value	–	–

\* Sale of Portfolio through Assignment to Tata Cleantech Capital Limited during the previous year

(xi) (a) Non Performing Assets purchased during the year - Nil (Previous Year : Nil).

(b) Details of Non Performing Assets sold :

SI No.	PARTICULARS	FY 15-16	FY 14-15
1	No. of accounts sold {Count}	494	Nil
2	Aggregate outstanding(net of provision). {₹ in Lakh}*	2,721	Nil
3	Aggregate consideration received {₹ in Lakh}*	320	Nil

\* Additionally 407 Accounts written off in earlier years of ₹ 3,245 Lakh were also sold along with the NPA Accounts

(xii) No Parent Company Products are financed during the year ( Previous Year Nil)

(xiii) The Exposure to a single borrower and group of borrower does not exceed the limit stipulated by the RBI Concentration norms applicable to NBFCs

(xiv) The Exposure to Unsecured Advances is ₹ 1,005,997 Lakh (Previous Year ₹ 793,973 Lakh) constituting 34.9% of the Gross Loans and Advances (Previous Year 33.0%). The Exposure to Secured Loans includes ₹ 1,120 Lakh (Previous year ₹ 1,101 Lakh) towards a Loan given against Copy Rights for motion films.

(xv) Concentration of NPAs (₹ in Lakh)

PARTICULARS	March 31, 2016	March 31, 2015
Total Exposure to top four NPA accounts	44,357	51,500

(xvi) Sector-wise NPAs

SI. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		March 31, 2016	March 31, 2015
1	Agriculture & allied activities	3.61%	1.59%
2	MSME	-	-
3	Corporate borrowers	7.98%	7.78%
4	Services	-	-
5	Unsecured personal loans	1.56%	2.14%
6	Auto loans	3.26%	4.48%
7	Other personal loans	1.34%	2.20%

(xvii) Since the Company does not have significant uncertainties pending resolutions, revenue recognition has not been postponed.

(xviii) Company has not made any drawdown of reserves during the year ( Previous year : Nil)

(xix) The disclosure of the Concentration of Deposits taken is not applicable since the Company is not in the business of accepting deposits being a Systemically Important Non Deposit Accepting NBFC.

(xx) Derivative Instruments Exposures:

Nil Derivative positions are open as at March 31, 2016 (Previous Year : Nil). These transactions were 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 (xiv).

Forward exchange contracts (being derivative instrument), which are not intended for trading or speculation purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date at certain payables and receivables.

Since the Company does not hold any Derivatives instrument which are not intended for trading or speculation as on the reporting date and hence the disclosure of the accounting policy for recording the same as per the RBI Circular is not applicable

Outstanding forward exchange contracts entered into by the Company: -

PARTICULARS	Buy / Sell	For the Year ended March 31, 2016		For the Year ended March 31, 2015	
		Yen (Million)	₹ In Lakh	Yen (Million)	₹ In Lakh
Forward Contracts (Payment for Capital Expenditure) i.e Notional principal of Swap Agreements	Buy	Nil	Nil	Nil	Nil
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Buy	Nil	Nil	Nil	Nil
Collateral required by the NBFC upon entering into swaps	Buy	Nil	Nil	Nil	Nil
Concentration of credit risk arising from the swaps \$	Buy	Nil	Nil	Nil	Nil
The fair value of the swap book @	Buy	Nil	Nil	Nil	Nil

(xxi) NPA Movement during the year

(₹ in Lakh)

PARTICULARS	FY 15-16	FY 14-15
(i) Net NPAs to Net Advances (%)	3.13%	3.78%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	137,476	98,354
(b) Additions during the year	56,333	77,992
(c) Reductions during the year	(40,154)	(38,870)
(d) Closing balance	153,655	137,476
(iii) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening balance	48,256	18,970
(b) Additions during the year	34,506	33,948
(c) Write-off / write-back of excess provisions	(17,237)	(4,662)
(d) Closing balance	65,525	48,256
(iv) Movement of Net NPAs		
(a) Opening balance	89,220	79,384
(b) Additions during the year	21,827	44,044
(c) Reductions during the year	(22,917)	(34,208)
(d) Closing balance	88,130	89,220

(xxii) Exposure to Capital Market:

(₹ in Lakh)

PARTICULARS	FY 15-16	FY 14-15
(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;	55,270	54,146
(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;	154,323	128,967
(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;	22,212	23,627



PARTICULARS	FY 15-16	FY 14-15
(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)	–	–
<b>Total Exposure to Capital Market</b>	<b>231,805</b>	<b>206,740</b>

(xxiii) Investments

(₹ in Lakh)

PARTICULARS	FY 15-16	FY 14-15
(1) Value of Investments		
(i) Gross Value of Investments	<b>99,390</b>	98,670
(a) In India	<b>99,390</b>	98,670
(b) Outside India	–	–
(ii) Provision for Depreciation	<b>6,162</b>	8,937
(a) In India	<b>6,162</b>	8,937
(b) Outside India	–	–
(iii) Net value of investments	<b>93,228</b>	89,733
(a) In India	<b>93,228</b>	89,733
(b) Outside India	–	–
(2) Movement of Provisions held towards depreciation on investments		
(i) Opening Balance	<b>8,937</b>	15,532
(ii) Add: Provisions made during the year	<b>768</b>	75
(iii) Less: Write-off / write-back of excess provisions during the year#	<b>(3,543)</b>	(6,670)
(iv) Closing balance	<b>6,162</b>	8,937

# Note : Write back includes reversal of Provision for Praj Industries Limited ₹ 3,543 Lacs

(Previous Year : Quickjet Cargo Airlines Private Limited ₹ 921 Lakh, Praj Industries Limited ₹ 2,738 Lakh and Development Credit Bank Limited ₹ 3,011 Lakh)

(xxiv) Exposure to Real Estate Sector

(₹ in Lakh)

Category	FY 15-16	FY 14-15
<b>(a) Direct Exposure</b>		
(i) <b>Residential Mortgages -</b> Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	<b>218,330</b>	121,703
(ii) <b>Commercial Real Estate -</b> Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	<b>267,670</b>	192,607
(iii) <b>Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a. Residential	-	-
b. Commercial Real Estate	-	-
<b>Total Exposure to Real Estate Sector</b>	<b>486,000</b>	<b>314,310</b>

47. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

**Janki Ballabh**  
(Director)

**Pranab Kumar Choudhury**  
(Director)

**Mukund S. Dharmadhikari**  
(Director)

**Anuradha E. Thakur**  
(Director)

**Praveen P. Kadle**  
(Managing Director & CEO)

**Puneet Sharma**  
(Chief Financial Officer)

**Avan Doomasia**  
(Company Secretary)

Mumbai

Date : May 2, 2016