TATA CLEANTECH CAPITAL LIMITED

ANNUAL REPORT 2013-14

DIRECTORS' REPORT

TO THE MEMBERS OF
TATA CLEANTECH CAPITAL LIMITED

The Directors present their Third Annual Report and the Audited Statement of Accounts for the Financial Year ("FY") ended March 31, 2014.

1. BACKGROUND

Tata Cleantech Capital Limited ("TCCL" or "Company"), a subsidiary of Tata Capital Limited ("TCL"), is a Systemically Important Non Deposit Accepting Non Banking Finance Company registered with the Reserve Bank of India ("RBI") and engaged in the business of providing finance and advisory services for the renewable energy, energy efficiency, waste management and water management projects. TCCL is a venture between TCL and International Finance Corporation ("IFC"), Washington D.C., USA.

TCCL commenced its business operations as a Non Banking Financial Company in FY 2013-14.

2. INDUSTRY OVERVIEW

India's Installed Capacity in Renewable Energy as on March 31, 2014 stood at an impressive 31,707 MW. India is amongst the Top 10 Renewable Energy Players across the world. A total of 3,163 MW capacity was added in India in FY 2014 (as against a target of 4,123 MW). The key capacity additions were in Wind Energy, which contributed over 50% (1,698 MW) followed by Solar Energy (754 MW).

Industry is poised for brisk growth over next few years as economic environment improves. Besides, many State Governments have led the way by demonstrating willingness on meeting their Renewable Energy targets. These States have drafted their own policies, offered seamless Infrastructure Support, attractive tariffs and overall better investment environment. As a result, developers have been flocking to these states to take advantage of these factors. Industry should, therefore see, aggressive growth rates returning. India's Energy requirements continue to grow unabated and Renewable Energy will continue to play an important role in partially meeting that requirement given multiple long term challenges with conventional sources of power.

Distributed Generation of Renewable Energy will also play an important role in coming few years as large parts of our country remain unconnected to the grid. Some early experiments in this space have shown encouraging results and this should lead to more players coming into play. Energy Efficiency also is getting a lot of attention due to rising Energy Costs and serious push by government agencies like Bureau of Energy Efficiency (BEE).

3. FINANCIAL RESULTS

The performance of the Company for the FY ended March 31, 2014, is summarized below:

(Amount in ₹ in Lakh)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Total Income	**1305**	**16**
Less: Expenditure	851	7
Profit/(Loss) Before Tax	**454**	**9**
Less: Provision For Tax	156	4
Profit/(Loss) After Tax	**298**	**5**
Amount brought forward from Previous Year	5	1
Amount Available for Appropriation	303	6
Appropriations		
Special Reserve Account	60	1
Balance carried to Balance Sheet	**243**	**5**

The Company's Gross Income for the FY ended March 31, 2014, increased to ₹ 1,305 lakh, as against ₹ 16 lakh in the previous year. Interest Expenses for the year were ₹ 125 lakh as against ₹ Nil in the previous year. Operating Cost increased to ₹ 259 lakh as against ₹ 7 lakh in the previous year. Manpower Expenses for the year were ₹ 434 lakh, since employees were transferred to the Company with effect from May 2013. The cumulative provisioning on the asset book as on March 31, 2014 was ₹ 33 lakh.

The provision for taxation during the year was ₹ 156 lakh.

The Net Profit After Tax for the year ended March 31, 2014 was ₹ 298 lakh.

4. SHARE CAPITAL

The paid-up Equity Share Capital of the Company on March 31, 2014, was ₹ 8,000 lakh which is held by TCL (₹ 6,440 lakh) and IFC (₹ 1,560 lakh). On April 5, 2013, the Company made a preferential issue and allotment of 1,56,00,000 Equity Shares of ₹ 10 each, at par, to IFC and 6,19,00,000 Equity Shares of ₹ 10 each, at par, to TCL, aggregating ₹ 7,750 lakh. Accordingly, the paid-up Equity Share Capital of the Company increased from ₹ 250 lakh to ₹ 8,000 lakh consisting of 8,00,00,000 equity shares of ₹ 10 each.

There was no change in the Authorised Share Capital of the Company.

5. DIVIDEND

With a view to conserving the resources of the Company and taking into consideration the business plans of the Company, the Board of Directors did not recommend any dividend for FY 2013-14, on the Equity Share Capital of the Company.

6. REVIEW OF BUSINESS OPERATIONS

During the first year of operation in FY 2013-14, the Company had built capabilities of sourcing and appraising projects in its mandated areas of business. The Company participated either as a consortium member or a co-lender in large projects, which it financed during the year.

The Company has entered into alliances with industry leaders to fill value chain gaps and improve market accessibility. Prominent among these is the alliance with Hyflux Engineering (India) Private Limited, an arm of Hyflux Limited, Singapore, a global leader in the area of Water Management. To capitalize on synergies within the Tata Group, the Company has established linkages with other Tata companies that are involved in similar businesses.

In FY 2013-14, the Company built a loan book of ₹ 132 crore across 16 transactions. The loan portfolio consists of projects in the areas of Wind Energy, Solar Energy, Small Hydro Energy, Rooftop Solar, Waste Management, Water Management and Energy Efficiency.

7. FINANCE/BORROWINGS

During FY 2013-14, the Company met its funding requirements through a combination of short term debt ("ICDs") from TCL, the holding company and Equity Share Capital. The Company has also put in place necessary banking credit lines in the form of cash credit/working capital/term loan for its strong pipeline of financing proposals across the whole Cleantech spectrum such as renewable energy, energy efficiency, water management and waste management.

The Debt / Equity ratio of the Company as on March 31, 2014 was 0.59 times.

8. CREDIT RATING

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

NATURE OF SECURITIES/INSTRUMENT	RATING	Amount (₹ in crore)
Bank Facility	CRISIL AA+/Stable	250
Non Convertible Debentures	CRISIL AA+/Stable	200
Commercial Papers	CRISIL A1+	300

9. 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 Board sets and approves the strategic plans and objectives for risk management and risk philosophy. The Risk Management Committee of the Board assists the Board in its oversight of various risks including credit risk, operational risk, market risk, liquidity risk, investment risk, etc. The 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.

In addition, the Finance and Asset Liability Supervisory Committee of the Board reviews the Liquidity and Interest rate risk profile of the organization on a periodic basis. Operational risk is monitored on an ongoing basis through key risk indicators (KRIs). Fraud risk is managed through a fraud risk management framework within the organization.

10. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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 adequacy and efficiency 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 Chairman of the Audit Committee is an Independent Director.

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

11. HUMAN RESOURCES

The Company had 15 employees as at March 31, 2014. The Company recognizes the value of its human capital and is continuously upgrading the skill levels of its workforce through regular internal and external training and management development programmes.

12. COMPLIANCE

The Company has complied with the RBI Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, issued to Non Banking Financial Companies ("NBFCs") relating to accounting standards, prudential norms for asset classification, income recognition, provisioning norms and capital adequacy. During the year under review, the Company has also complied with applicable circulars/guidelines/announcements/notifications issued by the RBI to NBFCs.

The Company has also complied with the applicable provisions of the Companies Act, 1956 ("Act"), the Companies Act, 2013, the Reserve Bank of India Act, 1934, and other applicable rules/regulations/guidelines, issued from time to time.

The Capital Adequacy Ratio ("CAR") of the Company was 55.46% as on March 31, 2014 against the CAR of 15%, as prescribed by RBI.

13. DEPOSITS

The Company has not accepted any public deposits during the year under review.

14. DIRECTORS

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Praveen P. Kadle, Director, is liable to retire by rotation at the ensuing Annual General Meeting ("AGM") of the Company and is eligible for re-appointment.

In terms of the Shareholders Agreement between the Company, TCL and IFC dated November 19, 2011, Mr. Rajesh Sinha, a nominee of IFC, was appointed as an Additional Director of the Company on July 2, 2013 and holds office upto the date of the ensuing AGM. Mr. Sinha has conveyed his decision to step down from the Board since he has been transferred in a new role at the IFC, Washington DC, USA and accordingly, he will cease to be a Director of the Company with effect from May 9, 2014. The Board has placed on record its appreciation of the valuable guidance and service rendered by Mr. Sinha during his tenure as the Director on the Board.

In accordance with the provisions of Section 149 of the Act and the Rules made there under, which came into effect from April 1, 2014, the approval of the Members will be sought at the ensuing AGM of the Company for formalizing the appointment of Mr. Vittaldas Leeladhar, Director as an Independent Director of the Company not liable to retire by rotation, for a period of five years commencing from the date of the ensuing AGM of the Company.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act,1956, the Directors, based on the representation received from the Operating Management, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have 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 as at March 31, 2014 and of the profit of the Company for the year ended on that date;

iii. they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and

iv. they have prepared the annual accounts on a 'going concern' basis.

16. CORPORATE GOVERNANCE

A summary of the Corporate Governance measures adopted by the Company is given below:

i. The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others.

ii. The Board comprises Mr. Vittaldas Leeladhar, Mr. Praveen P. Kadle, Mr. Pradeep C Bandivadekar and Mr. Rajesh Sinha (upto May 9, 2014). Mr. Leeladhar is an Independent Director of the Company and the other three Directors are Non Executive Directors.

iii. During FY 2013-14, six Board Meetings were held. Board Meetings were held atleast once in every three months and the time-gap between any two consecutive meetings did not exceed four months.

iv. None of the Directors of the Company drew any remuneration from the Company in the nature of salary, benefits, bonuses, pensions etc. during FY 2013-14, except that Sitting Fees of ₹ 2,60,000 (Gross) was paid to Mr. Vittaldas Leeladhar and ₹ 1,07,105 (Gross) was paid to IFC on behalf of Mr. Rajesh Sinha, in accordance with and within the limits specified under the Companies Act, 1956, for the meetings of the Board/Committees held during the year.

v. Mr. Praveen P Kadle, Non Executive Director, was not paid any sitting fees, since he is the Managing Director and Chief Executive Officer of TCL, the holding company. Mr. Pradeep C Bandivadekar had informed the Company that he would not like to take any sitting fees from the Company, as he is in the employment of a fellow subsidiary.

vi. The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These are the Audit Committee, Finance and Asset Liability Supervisory Committee, Risk Management Committee, Nomination and Remuneration Committee and Investment Credit Committee. The Company Secretary is the Secretary of all the aforementioned Committees.

vii. In terms of Section 178 of the Companies Act, 2013, the Company has re-constituted two separate committees viz the Nominations Committee and the Remuneration Committee, into one single committee named "Nomination and Remuneration Committee" comprising Mr. Praveen P Kadle (Chairman), Mr. Vittaldas Leeladhar and Mr. Pradeep C Bandivadekar.

viii. The appointment of Mr. Avijit Bhattacharya as the Manager of the Company for a period of five years with effect from February 1, 2013, had been approved by the Board of Directors at its Meeting held on January 24, 2013 and by the Members at the Extraordinary General Meeting of the Company held on February 11, 2013. Further, the payment of remuneration to Mr. Bhattacharya was approved by the Remuneration Committee of the Board of Directors at their meeting held on April 15, 2013 and by the

Members at the Annual General Meeting held on June 28, 2013. Mr. Bhattacharya remuneration for FY 2013-14 is as prescribed under Para C of Section II of Part B of Schedule XIII to the Companies Act, 1956 (read with the Provisos thereto).

ix. It was decided at the Nomination and Remuneration Committee Meeting held on May 5, 2014 and at the Board Meeting held on the same date, to pay Incentive Remuneration of ₹ 16 Lakh to Mr. Bhattacharya for FY 2013-14. With this, the total remuneration of Mr. Bhattacharya for FY 2013-14 is ₹ 117 Lakh.

The terms and conditions of the appointment and remuneration of Mr. Bhattacharya, as per the Agreement dated July 30, 2013, executed by the Company and Mr. Bhattacharya, is as given below:

Remuneration	₹ 2,95,000/- per month upto a maximum of ₹ 4,50,000/- per month. The annual increments which will be effective 1st April each year, will be decided by the Board or any Committee thereof and will be merit based and take into account the Company's performance as well. Commission, if any, or Incentive Remuneration not exceeding ₹ 50,00,000/- to be paid based on certain performance criteria and such other parameters as laid down by the Board or Committee thereof, as may be considered appropriate from time to time. In addition to this, benefits, Perquisites and Allowances will be as per the Agreement.
Minimum Remuneration	Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Manager, the Company has no profits or its profits are inadequate, the Company will pay/provide to the Manager, remuneration for a period not exceeding 3 years by way of Salary, Benefits, Perquisites and Allowances and Incentive Remuneration as specified above.
Term & Termination	The Agreement with Mr. Bhattacharya may be terminated by Mr. Bhattacharya giving three months notice of such termination or the Company paying three months remuneration in lieu of such notice.
Stock Options	As at March 31, 2014, Mr. Bhattacharya held 2,23,278 Equity Shares of TCL, the holding company, acquired under the Employee Stock Option/Purchase Scheme ("ESOP Scheme") of TCL. In addition to the above, Mr. Bhattacharya has 26,667 vested options which can be exercised upto August 2016 and 26,666 unvested options which will vest in August 2014 and can be exercised upto August 2017, for purchase of Equity Shares of TCL under the ESOP Scheme.
Other Terms	The said terms and conditions also include clauses pertaining to adherence with the Tata Code of Conduct, including no conflict of interest with the Company, non compete and maintenance of confidentiality.

x. No Commission is proposed to be paid to Non Executive Directors.

xi. The Audit Committee comprises Mr. Vittaldas Leeladhar (Chairman), Mr. Praveen P. Kadle and Mr. Rajesh Sinha (upto May 9, 2014), all of whom are financially literate and have relevant finance and / or audit exposure. Besides the Members of the Committee, meetings of the Audit Committee are attended by the Statutory Auditors, Internal Auditor, Manager, Chief Financial Officer and the Company Secretary. The Chairman of the Audit Committee attended the last Annual General Meeting of the Company.

xii. The Audit Committee functions according to its Charter that defines its composition, authority, responsibility and reporting functions in accordance with the Companies Act, 1956 and Guidelines issued by the Reserve Bank of India and reviewed from time to time. Whilst, the full Charter is available on the Company's website, given below is a gist of the responsibilities of the Audit Committee:

- Recommend appointment and removal of Statutory 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
- Oversee financial reporting process and disclosure of financial information.

- Review financial statements before submission to the Board
- Act as the link between Statutory Auditors, Internal Auditors and Board of Directors
- Review accounting policies
- Monitor compliance with Tata Code of Conduct
- Review significant related party transactions
- Review findings of internal investigations / fraud / 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.
- Responsibilities under the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

xiii. During FY 2013-14, four Audit Committee Meetings were held.

xiv. During FY 2013-14, four Finance and Asset Liability Supervisory Committee Meetings and four Risk Management Committee Meetings were held, in each of the quarters.

xv. The Board has adopted the following policies for the Company:

- Tata Code of Conduct
- Tata Sons Guidelines for the Composition of the Board of Directors, Committees of the Board and Retirement Age of Directors
- Code of Conduct for Non-Executive Directors
- Policy on Affirmative Action
- Whistle Blower Policy
- Code of Conduct for Prevention of Insider Trading and Corporate Disclosure Practices
- Internal Guidelines on Corporate Governance
- Investment Policy
- Credit Policy
- KYC and PMLA Policy
- Policy for determination of Interest Rates, Processing and other Charges
- Demand and Call Loan Policy
- Policy in respect of exposure to single party/a single group of parties
- Business Partner Due Diligence Policy
- Fair Practices Code

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

xvii. During the year ended March 31, 2014, there were no related party transactions by the Company besides the transactions mentioned elsewhere in the Annual Report. The said transactions were in the normal course of business and on an arm’s length basis.

17. ACCOUNTS AND ACCOUNTING STANDARDS

The Company adheres to the Accounting Standards issued by The Institute of Chartered Accountants of India (“ICAI”) in the preparation of its Financial Statements and has not adopted a treatment different from that prescribed in any Accounting Standard issued by ICAI and the Companies (Accounting Standards) Rules, 2006, as amended from time to time.

18. REPORT UNDER THE PREVENTION OF SEXUAL HARASSMENT ACT (“POSH”)

There were no complaints received by the POSH Committee under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of the activities which are being carried out by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption, are not applicable to the Company.

During FY 2013-14, the Company did not have any earnings in foreign exchange, but had incurred an expenditure of ₹ 4.03 lakh (in foreign currency). During the previous year, the Company did not have any earnings nor expenditure in foreign currency.

20. PARTICULARS OF EMPLOYEES

The Information required in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 (as amended from time to time) and forming part of the Directors’ Report for the year ended March 31, 2014, is provided in an Annexure forming part of this Report.

21. AUDITORS

M/s Deloitte Haskins & Sells, Ahmedabad (“DHS-A”), Chartered Accountants (ICAI Firm Registration Number: 117365W), who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting (“AGM”) and are eligible for re-appointment.

DHS-A, Chartered Accountants, were appointed as the Statutory Auditors of the Company at the AGM of the Company held on August 10, 2012, for FY 2012-13. Subsequently, DHS-A were appointed at the AGM held on June 28, 2013 and their current term expires at the conclusion of the ensuing AGM. At the conclusion of the ensuing AGM of the Company, DHS-A would have completed a period of two years as Auditors of the Company. As per the provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, it is proposed to re-appoint DHS-A 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.

The Company has received a letter from DHS-A to the effect that their appointment, if made, would be in accordance with Section 139 of the Companies Act, 2013 and that, they are not disqualified for such appointment within the meaning of Section 141 of the Companies Act, 2013.

22. ACKNOWLEDGEMENTS

The Directors would like to place on record their gratitude for the valuable guidance and support received from the Reserve Bank of India and other government and regulatory agencies and to convey their appreciation to TCL, IFC and the Company’s Bankers for the continuous support given by them to the Company. The Directors also place on record their appreciation of its employees for their commendable efforts, team work and professionalism.

For and on behalf of the Board of Directors

Vittaldas Leeladhar
Chairman

Mumbai, May 5, 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
TATA CLEANTECH CAPITAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TATA CLEANTECH CAPITAL LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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 Management is responsible for 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 Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

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:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("CARO" / "the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (a) We have 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

   (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, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117365W)

JOE PRETTO
(Partner)
(Membership No. 77491)

Mumbai, May 5, 2014

ANNEXURE TO THE AUDITORS' REPORT

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

(i) Having regard to the nature of the Company's business/activities/result/transactions etc., clauses (ii), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xix), (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. The activities of the Company do not involve purchases of inventory and sale of goods. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) To the best of our knowledge and according to the information and explanations given to us, there are no contracts or arrangements particulars of which needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.

(vi) According to the information and explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal in this regard in the case of the Company.

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

(viii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Securities Transaction Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of the Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Securities Transaction Tax, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

(c) According to information and explanation given to us, there are no dues of Income-tax, Wealth Tax, Service Tax, Cess which have not been deposited on account of any dispute.

(ix) In our opinion and according to the information and explanations given to us, and on overall examination of Balance Sheet, we report that the funds amounting to Rs. 233,172,554 raised on short term basis have been used during the year for long-term investments.

(x) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

(xi) 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 has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117365W)

JOE PRETTO
(Partner)
(Membership No. 77491)

Mumbai, May 5, 2014

BALANCE SHEET AS AT MARCH 31, 2014

(₹ in Lakhs)

	Note No.	As at March 31, 2014	As at March 31, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	8,000	250
(b) Reserves and Surplus	3	304	6
		8,304	256
2 Non - Current Liabilities			
(a) Deferred tax liabilities (net)	4	22	–
(b) Long-term provisions	5	28	–
		50	**–**
3 Current Liabilities			
(a) Short-term borrowings	6	4,883	–
(b) Trade Payable	7	208	–
(c) Current liabilities	8	92	–
(d) Short-term provisions	9	32	3
		5,215	**3**
TOTAL		**13,569**	**259**
II. ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	10		
– Tangible assets		33	–
(b) Loans and advances - Financing Activity	11	10,477	–
(c) Other non-current assets	12	105	42
		10,615	**42**
2 Current assets			
(a) Cash and bank balances	13	74	192
(b) Loans and advances - Financing Activity	12	2,737	–
(c) Other current assets	14	143	25
TOTAL		**2,954**	**217**
		13,569	**259**
See accompanying notes forming part of the financial statements	1-29		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Joe Pretto
Partner

Mumbai
Date: May 5, 2014

For and on behalf of the Board of Directors

Vittaldas Leeladhar
(Director)

Praveen P. Kadle
(Director)

Pradeep C. Bandivadekar
(Director)

Rajesh Sinha
(Director)

Avijit Bhattacharya
(Manager)

Manish Kambli
(Chief Financial Officer)

Binoy K. Parikh
(Company Secretary)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Lakhs)

		Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
I	**Revenue from Operations**	15	**1,303**	**–**
II	**Other Income**	16	**2**	**16**
III	**Total Revenue (I+II)**		**1,305**	**16**
IV	**Expenses**			
	Finance cost	17	125	–
	Employee benefits expense	18	434	–
	Other operating expenses	19	261	1
	Depreciation	10	4	–
	Amortisation of expenses	14(a)	27	6
	Total expenses		**851**	**7**
V	**Profit Before Tax (III-IV)**		**454**	**9**
VI	**Tax expense:**			
	(i) Current Tax		134	4
	(ii) Deferred Tax		22	–
	Total Tax expense		**156**	**4**
VII	**Profit for the year (V+VI)**		**298**	**5**
VIII	**Earnings per equity share**			
	(i) Basic (in Rupees)	24	0.38	0.19
	(ii) Diluted (in Rupees)		0.38	0.19
Weighted average number of shares			79,150,685	2,500,000
Face value per share (in Rupees)			10	10
See accompanying notes forming part of the financial statements		1-29		

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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Lakhs)

	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
1 CASH FLOW USED IN OPERATING ACTIVITIES			
Profit before taxes		454	9
Adjustments for :			
Amortisation of share issue expenses		27	6
Interest Expenses		125	–
Interest Income		(1094)	–
Interest on Fixed Deposit		(2)	(16)
Provision against Standard Assets		33	–
Provision for employee benefits - compensated absences		14	–
Depreciation and amortisation		4	–
Operating Profit before working capital changes and adjustments for interest received, interest paid and dividend received		**(439)**	**(1)**
Adjustments for			
Increase/(Decrease) in Current Liabilities and provisions		302	(5)
Increase in Loans and advances - Financing Activity		(13180)	–
Increase in Other Current Assets		(201)	–
Cash used in operations before working capital changes and adjustments for interest received, interest paid and dividend received		**(13518)**	**(6)**
Interest paid		(125)	–
Interest Income		1,063	15
Cash (used) / from operations		**(12580)**	**9**
Taxes paid		(126)	(2)
NET CASH (USED) / FROM OPERATING ACTIVITIES		**(12706)**	**7**
2 CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(37)	–
Net Cash (used)/ from investing activities		**(37)**	**–**
3 CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Equity share capital		7,750	–
Share issue expenses		(8)	(68)
Net proceeds from short-term borrowings		4,883	–
Net Cash from /(used) in financing activities		**12,625**	**(68)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Lakh)

	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
Net decrease in Cash & Cash equivalents		**(118)**	**(61)**
Cash and cash equivalents as at the beginning of the year:		**192**	**253**
Cash and cash equivalents as at the end of year		**74**	**192**
Reconciliation of Cash and cash equivalents as above with cash & bank balances		2	3
Cash on hand		–	–
Current accounts with scheduled banks		74	2
Deposits with scheduled banks		–	190
CASH & BANK BALANCE AS AT THE END OF THE YEAR [Refer Note No.13]		**74**	**192**
See accompanying notes forming part of the financial statements	1-29		

In terms of our report attached

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(Company Secretary)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

i. Basis for preparation of accounts

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principles and in compliance with the relevant provisions of the Companies Act, 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 "the 2013 Act" in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs). Further, the Company follows the Reserve Bank of India (RBI) Directions issued for Non-Banking Financial Companies (NBFC).

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 the financial statements requires the Management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The Management believes that the estimates used in preparation of the financials 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. Estimates include provisions for doubtful debts and advances, employee benefit plans, provision for income taxes and provision for diminution in the value of investments.

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.

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.

Discount on investments, 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 is recognised as income over the tenor of the investment.

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

The Company provides an allowance for loan receivables 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 instalment are overdue for a period exceeding 11 months.

In addition the Company provides for Standard Assets as required by the directions issued by the RBI.

v. Fixed Assets

a. Tangible:

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

b. Intangible:

Acquired intangible assets are measured at cost less amortisation.

Expenses on software support and maintenance are charged to the Statement of Profit and Loss during the period 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.

vi. Depreciation

Depreciation on tangible fixed assets is provided on a straight-line basis at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 or over the estimated useful life of the asset, if such useful life is lower than prescribed in Schedule XIV of the Companies Act, 1956.

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

Depreciation rates used by the Company are:

Asset	Depreciation rates
Vehicles	Own Vehicles - 23.75 percent

vii. Deferred revenue expenditure

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

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.

viii. Employee Benefits

Employee benefits include provident fund, superannuation fund, employee fund insurance scheme, gratuity fund, compensated absences and long service awards.

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 period. 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 fund, 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 period 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 period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligationas 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.

ix. Employees Share Purchase Scheme

The Company follows the intrinsic value method to account for the compensation cost of it's stock based employee compensation plans.

x. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but disclosed in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

xi. Taxation

The Company's income taxes include taxes on the Company's taxable profits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or those that have been substantively enacted at the balance sheet date.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced by the extent that is no longer probable that sufficient taxable profit will be available to allow all or a part of aggregate deferred tax assets to be utilised.

xii. Business segment

The Company is engaged in the business of asset financing. There being only one business segment and geographical segment, the segment information is not provided.

xiii 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.

xiv. 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 period, 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.

2. SHARE CAPITAL

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
AUTHORISED		
100,000,000 Equity shares (as at March 31, 2013 : 100,000,000 shares) of ₹ 10 each	10,000	10,000
	10,000	10,000
ISSUED,SUBSCRIBED & PAID UP		
80,000,000 Equity shares (as at March 31, 2013 - 2,500,000 shares) of ₹ 10 each fully paid	8,000	250
Total	**8,000**	**250**

2. (a) Reconciliation of number of shares outstanding

PARTICULARS	No. of Shares	₹ in Lakhs
Opening Share Capital as on April 01, 2012	2,500,000	250
Additions during the year		
a) Issue of Equity Shares	–	–
Closing Share Capital as on March 31, 2013	2,500,000	250
Additions during the year		
a) Issue of Equity Shares	77,500,000	7,750
Closing Share Capital as on March 31, 2014		
Equity Face Value ₹ 10 fully paid up	80,000,000	8,000

Note :

The Company has issued only 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 is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

In F.Y. 2013-14, 77,500,000 Equity Shares of ₹ 10 each were issued on April 5, 2013.

2. (b) List of Shareholders holding more than 5% Equity shares as at

Name of Shareholder	March 31, 2014		March 31, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Tata Capital Limited	64,400,000	80.50%	2,500,000	100.00%
International Finance Corporation	15,600,000	19.50%	–	–

3. RESERVES AND SURPLUS

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
(a) Special Reserve Account		
Opening balance	1	–
Add: Transfer from Surplus in Statement of Profit & Loss	60	1
Closing balance	**61**	**1**
(b) Surplus in statement of Profit & Loss		
Opening balance	5	1
Add: Profit for the year	298	5
Amount available for appropriation	**303**	**6**
Less: Appropriation		
– Transfer to Special Reserve Account	60	1
Closing balance	**243**	**5**
TOTAL - RESERVES AND SURPLUS	**304**	**6**

Note:

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

₹ 60 Lakhs (Previous Year: ₹ 1 Lakh) to Special Reserve as prescribed by section 45-IC of the Reserve Bank of India Act, 1934, being 20% of the profits after taxes for the year.

4. DEFERRED TAX LIABILITIES

(₹ in Lakhs)

The component of deferred tax liabilities arising out of timing differences are as under:

PARTICULARS	As at March 31, 2014	As at March 31, 2013
Deferred Tax Liabilities on :-		
– On Loan sourcing cost	35	–
– Depreciation on fixed assets	–	–
Deferred Tax Assets on :-		
– Standard Asset Provisioning	(11)	–
– On preliminary expenses	–	–
– Other deferred tax assets	(2)	–
Deferred Tax Liability/(Asset) (net)	22	–

5. LONG-TERM PROVISIONS

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
(a) Contingent provisions against Standard Assets	26	–
(b) Provision for employee benefits	2	–
TOTAL	**28**	**–**

6. SHORT TERM BORROWINGS

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
Inter Corporate Deposit from Related Parties (Repayable on demand)	4,883	–
TOTAL	**4,883**	**–**

7. TRADE PAYABLES

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
(a) Payable to micro and small enterprises (refer note below)	–	–
(b) Others		
(i) Accrued employee benefit expenses	115	–
(ii) Accrued expenses	72	–
(iii) Others	21	–
TOTAL	**208**	**–**

Note - On the basis of response received against enquires made by the company, the amount of principal of outstanding in respect of micro and small enterprises as at Balance Sheet date is Nil. (As at March 31, 2013 - ₹ Nil)

8. CURRENT LIABILITIES

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
Other Payables		
(a) Statutory Dues	17	–
(b) Security Deposit received	75	–
TOTAL	**92**	**–**

9. SHORT TERM PROVISIONS

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
(a) Provision for employee benefits	14	–
(b) Provision for tax, net of advance tax	11	3
(c) Contingent Provisions against Standard Assets	7	–
TOTAL	**32**	**3**

10. FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block				Accumulated depreciation and amortisation				Net Carrying Value	
	Opening balance as at April 1, 2013	Additions / Adjustments	Deletions	Closing balance as at March 31, 2014	Opening balance as at April 1, 2013	Depreciation / amortisation	Deletions / Adjustments	Closing balance as at March 31, 2014	As at March 31, 2014	As at March 31, 2103
TANGIBLE FIXED ASSETS										
Motor Vehicles	– (–)	37 (–)	– (–)	37 (–)	– (–)	4 (–)	– (–)	4 (–)	33 (–)	– (–)
Total	**–**	**37**	**–**	**37**	**–**	**4**	–	**4**	**33**	**–**
Previous financial year	–	–	–	–	–	–	–	–	–	–
Capital work-in-progress									–	–
TOTAL									**33**	**–**

11. LOANS AND ADVANCES - FINANCING ACTIVITY

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
NON-CURRENT		
Secured Loans		
(i) Considered good	10,477	–
(ii) Considered doubtful	–	–
	10,477	–

PARTICULARS	As at March 31, 2014	As at March 31, 2013
Less: Provision for doubtful loans	–	–
TOTAL	**10,477**	**–**
CURRENT		
Secured Loans		
(i) Considered good	2,737	–
(ii) Considered doubtful	–	–
	2,737	–
Less: Provision for doubtful loans	–	–
TOTAL	**2,737**	**–**
TOTAL - LOANS AND ADVANCES FINANCING ACTIVITY	**13,214**	**–**

12. OTHER NON CURRENT ASSETS

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
(a) Deferred Revenue Expenditure (to the extent not written off or adjusted) (Refer Note 14(a) below)	21	42
(b) Unamortised loan sourcing cost	84	–
TOTAL	**105**	**42**

13. CASH AND BANK BALANCES

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
(a) Cash on Hand	–	–
(b) Balance with banks		
(i) in Current accounts	74	2
(ii) in Deposit accounts (Refer note below)	–	190
TOTAL	**74**	**192**

(i) Of the above, the balance that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statement is ₹ 74 Lakhs (As at March 31, 2013 - ₹ 192 Lakhs).

(ii) Balance in deposit accounts with Banks of ₹ Nil (as at March 31, 2013 ₹ 190 Lakhs) have an original maturity less than one year.

14. OTHER CURRENT ASSETS

(₹ in Lakhs)

PARTICULARS		As at March 31, 2014	As at March 31, 2013
(i)	Interest Accrued on fixed deposits	–	1
(ii)	Gratuity Assets (net)	37	–
(iii)	Service Tax Receivable	–	–
(iv)	Deferred Revenue Expenditure (to the extent not written off or adjusted) (Refer Note 14(a) below)	26	24
(v)	Unamortised loan sourcing cost	22	–
(vi)	Loans and advances to related parties	57	–
(vii)	Other Assets	1	–
	TOTAL	**143**	**25**

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

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014	As at March 31, 2013
Unamortised share issue expenses		
Opening Balance	66	4
Add: Expenses incurred during the year	8	68
Less: written off during the year	27	6
Closing balance	47	66

(₹ in Lakhs)

PARTICULARS	As at March 31, 2014		As at March 31, 2013	
	Non-Current	Current	Non-Current	Current
Unamortised Share issue expenses	21	26	42	24
Total	**21**	**26**	**42**	**24**
Grand Total		**47**		**66**

15. REVENUE FROM OPERATIONS

(₹ in Lakhs)

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
(a) Interest Income		
(i) From Secured Loans	863	–
(ii) From Unsecured Loans (Inter-Corporate Deposit)	232	–
(b) Others	208	–
TOTAL	**1,303**	**–**

16. OTHER INCOME

(₹ in Lakhs)

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Income on Fixed Deposits	2	16
TOTAL	**2**	**16**

17. FINANCE COST

(₹ in Lakhs)

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest expense		
(i) On Inter-Corporate Deposit	121	–
(ii) On others	4	–
TOTAL	**125**	**–**

18. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
(a) Salaries, wages and bonus	425	–
(b) Contribution to provident and other funds	(7)	–
(c) Staff welfare expenses	16	–
TOTAL	**434**	**–**

19. OTHER OPERATING EXPENSES

(₹ in Lakhs)

PARTICULARS	For the year ended March 31, 2014	For the year ended March 31, 2013
Advertising & Publicity	4	–
Audit Fee	3	1
Contingent Provisions against Standard Assets	33	–
Donations	1	–
Directors Sitting Fees	4	–
Insurance charges	1	–
Information Technology Expenses	47	–
Legal and Professional fees	88	–
Loan Processing Fees	14	–
Membership & Subscription Charges	1	–
Rent	27	–
Rates & Taxes	6	–
Service Provider Charges	1	–
Telephone, telex and leased line	2	–
Travelling and conveyance	28	–
Other expenses	1	–
TOTAL	**261**	**1**

19. (a) Auditors' Remuneration (excluding Service Tax): (₹ in Lakhs)

Particulars	2013-14	2012-13
Audit Fees	2	1
Tax Audit Fees	1	–
TOTAL	**3**	**1**

19. (b) Expenditure in Foreign Currency (₹ in Lakhs)

PARTICULARS	2013-14	2012-13
Directors Sitting Fees	1	–
Travelling and conveyance	3	–
TOTAL	**4**	**–**

20. Contingent Liabilities and Commitments:

Contingent liabilities and commitments are Nil (as at March 31, 2013 - Nil).

21. 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 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 by only the Company. The contributions are based on a certain proportion of the employee's salary.

The Company recognised a charge of ₹ 14 Lakhs (Previous year : Nil) for provident fund and family pension fund contribution and ₹ 16 Lakhs (Previous year ₹ Nil) for contribution towards the superannuation fund in the Statement of Profit and Loss.

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 funds in Note No. 19 Employee Benefit Expense). 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 Lakhs)

Particulars	2013-14	2012-13
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	–	–
Current Service Cost	6	–
Interest Cost	7	–

Particulars	2013-14	2012-13
Transfer under the scheme of arrangement	94	–
Actuarial Losses / (Gain)	(22)	–
Benefits Paid	–	–
Closing Defined Benefit Obligation	84	–
Experience Gain / (Loss) adjusted on plan liability	8	–
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	–	–
Acquisition Cost / Transfer in	94	–
Expected Return on Plan Assets	–	–
Contributions by Employer	–	–
Actuarial Gains / (Losses)	27	–
Benefits paid	–	–
Closing Fair Value of Plan Assets	121	–
Reconciliation of present Value of the obligation and the Fair value of the plan Assets		
Fair Value of plan assets at the end of the year	121	–
Present value of the defined obligations at the end of the year	84	–
Funded status [Surplus / (Deficit)]	37	–
Unrecognised past service cost	–	–
Net Asset /(Liability) recognised in the balance sheet	37	–
Net Gratuity cost for the year ended March 31, 2014		
Service Cost	6	–
Interest on Defined benefit Obligation	7	–
Expected return on plan assets	–	–
Net actuarial loss recognised in the year	(50)	–
Net Gratuity Cost	(37)	–
Categorization of plan assets is as follows		
Investment Pattern		
Insurer managed funds:		
Government Securities	40%	30%
Deposit & money market securities	19%	16%
Debentures / Bonds	32%	47%
Equity Shares	9%	8%
Total	**100%**	**100%**
Assumptions		
Discount Rate	9.30%	7.70%
Expected Rate of Return on Plan Assets	8.00% p.a.	N.A.

Particulars	2013-14	2012-13
Salary Escalation Rate	7.50% p.a for first 5 years and 5% thereafter.	N.A.
Mortality Rate	Indian Assured Lives Mortality (2006-08) (modified) Ult.	N.A.
Withdrawal Rate	0-2 years - 10% 3-4 years - 5% 5-9 years - 2.5% 10 years and more - 1%	N.A.

(₹ in Lakhs)

Experience adjustment	2013-14	2012-13	2011-12	2010-11	2009-10
– On Plan Liabilities	8	–	NA	NA	NA
– On Plan Assets	27	–	NA	NA	NA
Present value of benefit obligation	(85)	–	NA	NA	NA
Fair value of Plan Assets	121	–	NA	NA	NA
Excess of (obligation over plan assets)	36	–	NA	NA	NA

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.

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 2013-14 is ₹ 0.32 lakh (Previous year ₹ NIL) and the provision as at March 31, 2014 is ₹ 1.83 lakhs (Previous year ₹ NIL).

22. Segment Reporting

The Company is engaged in the business of asset financing. There being only one business segment and geographical segment, the segment information is not provided.

23. Disclosure as required by Accounting Standard (AS) – 18 on Related Party Disclosures notified under the Companies (Accounting Standard) Rules, 2006:

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 Capital Financial Services Limited TC Travel and Services Limited Tata Capital Housing Finance Limited
Subsidiaries of ultimate holding company (with which the company had transactions)	Nishkalp Infrastructure Services Limited Tata Consultancy Services Limited Tata AIG General Insurance Co Limited Tata Consulting Engineers Limited e-Nxt Financials Limited
Key Management Personnel	Mr. Avijit Bhattacharya

ii. Transactions with related parties : (₹ in Lakhs)

Sr. No.	Party Name	Nature of transaction	2013-14	2012-13
1	Tata Sons Limited	Expenses - Brand Equity Contribution	3	–
		Balance Receivable / (Payable)	(3)	–
2	Tata Capital Limited	Equity Shares issued during the year	6,190	–
	(Holding Company)	ICD taken / Repaid during the year:		
		– ICD received during the year	7,216	–
		– ICD repaid during the year	2,333	
		Interest expenses on ICD	121	–
		ICD outstanding	4,883	–
3	Tata Capital Financial Services Limited	Payment towards Preliminary Expenses	–	67
		Expenses:		
		– Reimbursement of expenses	39	17
		– Rent	26	–
		Leave and LTSA of employees transferred	17	–
		ICD taken / Repaid during the year:		
		– ICD given during the year	7,900	–
		– ICD repaid during the year	7,900	–
		Interest Income on ICD	232	–
		Assignment of Portfolio	7,935	
		Expenses - Loan processing fees paid	114	
		Income - Referral fees received	155	
		Balance receivable	41	–
4	Tata Capital Housing Finance	Expenses - Stipend Expenses	0	–
	Limited	Balance Payable	0	–
5	e-Nxt Financials Limited	Expenses - Service Provider Charges	0	–
		Balance receivable	–	–
6	Nishkalp Infrastructure Services Limited	Reimbursement of expenses	9	–
	(Formerly Nishkalp Energy Limited)	Balance receivable	1	–
7	Tata AIG General Insurance Co.	Expenses - Insurance Expenses	1	–
	Limited	Balance receivable	–	–
8	Tata Consulting Engineers Limited	Expenses - Professional Charges	6	–
		Balance receivable	–	–
9	Tata Consultancy Services Limited	Expenses - IT Outsourcing expenses	44	–
		Balance payable	(44)	–
10	TC Travel and Services Limited	Expenses - Travel related expenses	1	–
		Balance receivable	–	–
11	Key Management Personnel	Remuneration to KMP	117	–

24. Earnings per Share (EPS):

Particulars		2013-14	2012-13
Profit after tax for Basic EPS	Rupees	298	5
Weighted average number of Equity shares used in computing Basic earnings per share	Nos	79,150,685	2,500,000
Face value of equity shares	Rupees	10	10
Basic earnings per share	Rupees	0.38	0.19
Diluted earnings per share	Rupees	0.38	0.19

25. Asset Liability Management

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

For the year 2013-14 (₹ in Lakhs)

	Liabilities		Assets	
Particulars	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30/31 days (One month)	–	–	587	–
Over One months to 2 months	–	–	114	–
Over 2 months upto 3 months	–	–	329	–
Over 3 months to 6 months	–	–	606	–
Over 6 months to 1 year	–	4,883	1,095	–
Over 1 year to 3 years	–	–	4,302	–
Over 3 years to 5 years	–	–	1,986	–
Over 5 years	–	–	4,195	–
Total	**–**	**4,883**	**13,214**	**–**

Asset Liability Management for the year 2012-13 is not disclosed as the Company had not commenced any business.

26. Capital to Risk Asset Ratio (CRAR)

Items	As at March 31, 2014	As at March 31, 2013
CRAR (%)	55.46%	73.98%
CRAR - Tier I Capital (%)	55.24%	73.98%
CRAR - Tier II Capital (%)	0.22%	N.A.

27. Disclosure of details as required by Revised Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, earlier Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1999.

Liabilities Side: (₹ in Lakhs)

Particulars	Amount Outstanding		Amount Overdue	
	31.03.14	31.03.13	31.03.14	31.03.13
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	–	–	–	–
(ii) Unsecured	–	–	–	–
b) Deferred Credits	–	–	–	–
c) Term Loans	–	–	–	–
d) Inter-corporate loans and borrowing	4,883	–	–	–
e) Commercial Paper	–	–	–	–
f) Other loans	–	–	–	–
(i) Loan from Bank	–	–	–	–
– Working Capital Demand Loan	–	–	–	–
– Overdraft	–	–	–	–

Assets side: (₹ in Lakhs)

Particulars	Amount Outstanding	
	31.03.14	31.03.13
2) Break up of Loans and Advances including bills receivables (other than those included in (3) below)		
a) Secured	13,214	–
b) Unsecured	–	–
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	–	–
(ii) Operating Lease	–	–
b) Stock on hire including hire charges under sundry debtors		
(i) Assets on hire	–	–
(ii) Repossessed assets	–	–
c) Other loans counting towards Asset Financing Company activities		
(i) Loans where assets have been repossessed	–	–
(ii) Other loans	–	–
4) Break up of Investments		
Current Investments:		
a) **Quoted:**		
(i) Shares: Equity	–	–
Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of Mutual Funds	–	–
(iv) Government Securities	–	–
(v) Others	–	–

(₹ in Lakhs)

Particulars	Amount Outstanding 31.03.14	Amount Outstanding 31.03.13
b) **Unquoted:**		
(i) Shares: Equity	–	–
Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of Mutual Funds	–	–
(iv) Government Securities	–	–
(v) Others (Pass through certificate)	–	–
Long-Term Investments:	–	–
a) Quoted:		
(i) Shares: Equity (Net of provision)	–	–
Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of Mutual Funds	–	–
(iv) Government Securities	–	–
(v) Others	–	–
b) Unquoted:	–	–
(i) Shares: Equity	–	–
Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of Mutual Funds	–	–
(iv) Government Securities	–	–
(v) Others	–	–

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

Particulars	Amount net of provisions					
	Secured		Unsecured		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
a) Related Parties						
(i) Subsidiaries	–	–	–	–	–	–
(ii) Companies in the same group	–	–	–	–	–	–
(iii) Other related Parties	–	–	–	–	–	–
b) Other than related parties	13,214	–	–	–	13,214	–
TOTAL	**13,214**	**–**	**–**	**–**	**13,214**	**–**

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

Particulars	Market Value/Break up or fair value or NAV		Book Value (Net of Provisions)	
	2013-14	2012-13	2013-14	2012-13
a) Related Parties				
1) Subsidiaries	–	–	–	–
2) Companies in the same group	–	–	–	–
3) Other related Parties	–	–	–	–
b) Other than related parties	–	–	–	–
TOTAL	**–**	**–**	**–**	**–**

7) Other Information

Particulars	2013-14	2012-13
a) Gross Non-Performing Assets		
1) Related parties	–	–
2) Other than related parties	–	–
b) Net Non-Performing Assets		
1) Related parties	–	–
2) Other than related parties	–	–
c) Assets acquired in satisfaction of debt	–	–

28. Based on management reporting to risk committee and to the RBI through prescribed returns, the Company has reported ₹ Nil frauds (Previous year : ₹ Nil)

29. 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

Vittaldas Leeladhar
(Director)

Praveen P. Kadle
(Director)

Pradeep C. Bandivadekar
(Director)

Rajesh Sinha
(Director)

Avijit Bhattacharya
(Manager)

Manish Kambli
(Chief Financial Officer)

Mumbai
Date: May 5, 2014

Binoy K. Parikh
(Company Secretary)