TATA CLEANTECH CAPITAL LIMITED

Annual Report 2017-18

Corporate Information

Board of Directors	Mr. Vittaldas Leeladhar Mr. Padmini Khare Kaicker Mr. Rajiv Sabharwal Mr. Pradeep C. Bandivadekar Mr. Manish Chourasia
Chief Financial Officer	Mr. Behzad Bhesania
Company Secretary	Ms. Shivangi Rajpopat
Statutory Auditors	B S R & Co. LLP
Registered Office	11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013
Corporate Identification Number	U65923MH2011PLC222430

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BOARD'S REPORT

To the Members,

The Board has pleasure in presenting the Seventh Annual Report and the Audited Financial Statements of the Company for the Financial Year ("FY") ended March 31, 2018.

1. BACKGROUND

Tata Cleantech Capital Limited ("Company" or "TCCL") is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non Deposit Accepting Non-Banking Financial Company, engaged in the business of providing finance and advisory services for projects in renewable energy, energy efficiency, waste management, water management and other infrastructure projects. TCCL is a joint venture between Tata Capital Limited ("TCL") and International Finance Corporation ("IFC"), Washington D.C., USA, in the ratio of 80.50:19.50. The Company has been registered with the RBI as an Infrastructure Finance Company since October 15, 2015.

The Company is headquartered in Mumbai and operates from 5 branches spread across Mumbai, Delhi, Chennai and Hyderabad.

2. INDUSTRY OVERVIEW AND OUTLOOK

India has emerged as one of the fastest growing major economies in the world and it is expected to be one of the top three economic super powers over the next two decades, backed by robust transformational policies of the Government. An enormous investment in the Infrastructure sector will not only boost the expanding economy, but also ensure the Country's competiveness in the global markets. Recognizing this, the Government of India has accorded high priority to the Infrastructure sector, with a greater emphasis on renewable and sustainable modes of energy development.

In the context of United Nation Framework Convention on Climate Change ("UNFCCC's") protocol on combating climate change, India, the world's third largest emitter of greenhouse gases will have to play significant role in combat against global warming. As a means to this end, reduction in carbon intensity of Gross Domestic Product ("GDP") is the major goal of the Government. To achieve this, the country is committed to diversify its power generation sources and shift them significantly towards renewable energy to reduce the volumes of emissions per unit of GDP. This can be seen from the fact that Renewable Energy sources comprising wind, solar and hydro, have grown at the rate of 18.1% per annum over the last five years.

Considering the massive potential in the renewable energy segment, the Government is taking bold policy initiatives with a targeted Compounded Annual Growth Rate ("CAGR") of 30.6%, increasing its capacity from the current 67 Giga Watt ("GW") in FY 2017-18, to a substantial 175 GW, by March 2022. The actual capacity addition may, however, be lower on account of issues pertaining to evacuation and distribution of power. CRISIL has projected a CAGR of 18.09%, with a likely capacity installation of 102.4 GW by March 2022. Solar, being the most attractive in the renewable energy portfolio in India, is expected to have a growth trajectory from 19.6 GW to nearly 53.1 GW by FY 2022. Wind power, with the benefits of affordability and efficiency, is expected to emerge as another major provider in the segment with a projected growth from 32.9 GW to 49.3 GW.

On the basis of CRISIL's total projected capacity growth from FY 2019 to FY 2022, TCCL estimates that sector would require, equity investment of ₹ 475 billion (around USD 7.3 billion) and Debt Investment of ₹ 1.42 trillion (USD 21.82 billion) over the next 4 years.

However, debt funding from Indian Banking System may significantly reduce in near future on account of growing Non Performing Assets ("NPAs") and large power sector exposures. This would provide significant opportunity to infrastructure focused NBFCs like TCCL to fill the space vacated by Banks. Secondly, globally a number of funds and utilities are looking towards investing in the Cleantech Sector in India; however, they would require reliable Indian Partners to effectively address the Cleantech segment in India owing to various complexities of this country. TCCL is uniquely suited to capitalize on this opportunity by intermediating fund flows from domestic and international capital markets to cleantech sector in India, providing avenues for profitable growth, through underwriting, syndication and advisory services.

Besides Renewable Energy, other sectors of Infrastructure such as Roads, Power Transmission and Water have also been receiving a strong Government support as these sectors are the backbone for long term sustainable economic growth and the same would also provide significant opportunities to TCCL for growth, as mentioned below:

a) The Government, through a series of initiatives, is working on policies to attract significant investor interest and plans to develop a total of 66,117 kilometers ("kms") of roads under different programs such as National Highways Development Project ("NHDP") and Special Accelerated Road Development Program in North East ("SARDP-NE"). The National Highway Authority of India ("NHAI") plans to build 50,000 kms of roads by 2022 as a part of a long term goal of doubling the length of National Highways to 200,000 km.

b) Power Transmission is another sector which is on top of priority list of the Government as it is a vital element of the electricity value chain. Forthright interest in making a solid and dependable power transmission system will guarantee that the network is prepared to go up against the new age renewable energy sources. The investment opportunity, over next 4 years, exceeds ₹ 1.25 trillion (around USD 19.23 billion).

c) The size of the Water Resource Management industry is currently about USD 12 billion, which is growing at the rate of 15% to 20% per annum. India comprises nearly 18% of the world's population, with only 4% of the world's water resources at its disposal Going forward, significant opportunities are expected in this segment, especially in the areas of waste water treatment and water desalination. The immediate opportunity in the next 3 to 4 years would be in sewage treatment plants, likely to be set up under Public Private Partnership ("PPP") model, as part of Ganga River Basin Management Plan. Capital expenditure under this plan has been estimated to be USD 100 billion or of which 70% would be under Power Purchase Agreement ("PPA") framework.

As per TCCL's estimate, the sectors such as Roads, Power Transmission and Water would collectively offer, over next 4 years, an investment opportunity of over ₹ 2.4 trillion (USD 37 billion) in Greenfield and ₹ 0.98 trillion (USD 15 billion) in Operational Projects. This opportunity can be tapped through suite of financial products and services such as Underwriting, Syndication, Investment and Capital Advisory, etc.

3. FINANCIAL RESULTS

3.1 The performance of the Company for the Financial Year ended March 31, 2018, is, summarized below:

(₹ in lakh)

Particulars	**FY 2017-18**	**FY 2016-17**
Total Income	**27,564**	18,037
Total Expenditure	**16,320**	11,665
Net Profit/(Loss) before tax	**11,244**	6,372
Provision for Tax (including deferred tax)	**3,340**	1,806
Net Profit/(Loss) after tax	**7,904**	4,566
Balance brought forward from the Previous Year	**4,682**	2,209
Amount available for appropriation	**12,586**	6,775
Appropriations		
Special Reserve Account	**3,242**	2,093
Surplus/(Loss) carried to Balance Sheet	**9,344**	4,682

3.2 During FY 2017-18, the Company disbursed loans amounting to ₹ 2,229 crore (FY 2016-17: ₹ 1,326 crore), representing an increase of over 68.1%. The Company's loan portfolio stood at ₹ 3,088 crore as on March 31, 2018 (FY 2016-17: ₹ 1,999 crore), representing an increase of 54.5%. The Cost to Income ratio in FY 2017-18 was 17% as compared to 24% in FY 2016-17. The asset quality was stable, with no Non-Performing Asset, as on March 31, 2018.

3.3 Gross Income increased by 52.8% and stood at ₹ 275.64 crore (FY 2016-17: ₹ 180.37 crore). Interest expenses increased by 45.4% to ₹ 132.32 crore in FY 2017-18 from ₹ 90.99 crore, in FY 2016 -17.

3.4 Total Income (Net Interest Margin plus Other Revenue) of the Company increased by 60.1% from ₹ 88.90 crore in FY 2016-17 to ₹ 142.3 crore in FY 2017-18. Net Interest Margin as a percentage of average assets stood at 5.1% for FY 2017-18. The Total Income included the Income from Investments and Fee Income, of ₹ 0.08 crore and ₹ 2.24 crore, respectively for FY 2017-18.

3.5 Operating Cost increased by 17.2% from ₹ 11.95 crore in FY 2016 -17 to ₹ 14.01 crore in FY 2017-18. Manpower expenses for FY 2017-18 were ₹ 16.23 crore as against ₹ 13.24 crore in FY 2016-17, an increase of 22.6%.

3.6 Pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, a provision at the rate of 0.4% on standard assets amounting to ₹ 12.80 crore was made in FY 2017-18, as against 0.35% and ₹ 7.48 crore, respectively, in FY 2016-17. The provision for taxation during FY 2017-18 was ₹ 33.40 crore.

3.7 The Company's Net Profit After Tax ("NPAT") for the year increased by 73.1% from ₹ 45.66 crore in FY 2016-17 to ₹ 79.04 crore in FY 2017-18.

3.8 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. An amount of ₹ 15.81 crore (FY 2016-17: ₹ 9.13 crore), being 20% of the profits, has been transferred to the said Reserve and ₹16.61crore (FY 2016-17: ₹ 11.80 crore) has been transferred to the Special Reserve Fund pursuant to Section 36(i)(viii) of the Income Tax Act, 1961, for FY 2017-18. An amount of ₹ 93.44 crore has been carried to the Balance Sheet as Surplus.

4. SHARE CAPITAL

The Authorised Share Capital of the Company is ₹ 500 crore comprising 5,00,000,000 Equity Shares of ₹ 10/- each.

The Issued, Subscribed and Paid-up Equity Share Capital of the Company as on March 31, 2018, was ₹ 355.76 crore, consisting of 35,57,57,575 Equity Shares of ₹10/- each, which was held by TCL and IFC in the ratio of 80.5:19.5, respectively.

5. DIVIDEND

In order to conserve the resources of the Company and considering the Business Plan of the Company, the Board of Directors have not recommended any dividend on the Equity Shares of the Company for the FY ended March 31, 2018.

6. REVIEW OF BUSINESS OPERATIONS

During FY 2017-18, the Company has surged ahead and consolidated on the strong foundations laid over the past two years. This is reflected in the accelerated growth of business of the Company across all segments in renewable energy, coupled with the continuing focus on quality of services offered by the Company. The Company's asset book has grown by over 36% and its Profit After Tax has grown by more than 73.1%, in FY 2017-18. The Company has forged new relationships with other important industry stakeholders such as Indian Renewable Energy Development Agency to help expand Renewable Energy finance in India.

During the year, TCCL completed the climate action planning studies for the cities of Bengaluru and Chennai under the European union ("EU") funded 'Eco-cities Program'. Both the studies used World Bank's CURB tool (Climate Action for Urban Sustainability) to estimate its carbon foot print and identify abatement measures, the reports of which were presented to the Municipal Commissioners and other top officials of the states of Karnataka and Tamil Nadu. TCCL also engaged with Oriental Hotels, Chennai, a subsidiary of Indian Hotels Corporation Limited ('Taj group of Hotels') on energy and water resource management solutions. The study focused on the existing energy and water foot print and the analysis of the current energy and water use patterns. Also, the Ministry of Power, Government of India, has issued a new tariff policy that requires thermal power plants within 50 kms of a municipal corporation / urban local body to use treated sewage water. The viability of such a solution to abate fresh water consumption was studied in the context of NTPC, 3 X 800 MW Kudgi power project in North Karnataka and the adjoining city of Bijapur. Successful completion of these marquee assignments are expected to provide a launch pad for advisory assignments in the next financial year.

During the year, TCCL also started its financial advisory services division, which include providing strategic advice, private equity fund raise, Mergers & Acquisitions ("M&A"), joint venture advisory, structured finance solution and bid advisory to various clients with primary focus on renewable energy and other infrastructure sectors. TCCL has been able to develop strong relationships with a number domestic and international developers as well investors. A number of transactions have been completed and few marquee assignments include M&A Advisory for 110 MW solar project, wherein TCCL was the sole advisor and played an instrumental role in completion of the transaction by assisting the client in ironing out differences in the valuation and documentation. In addition, TCCL completed a 3-bid advisory assignment, aggregating 750 MW renewable energy projects for an international developer.

At the end of FY 2017-18, TCCL had an aggregate exposure of ₹ 3,666 crore, of which, lending assets were ₹ 3,088 crore (FY 2016-17: ₹ 1,999 crore). TCCL's Gross Income for FY ended March 31, 2018 was ₹ 275.6 crore (FY 2016-17: ₹ 180.4 crore) and its Net Profit after Tax ("NPAT") was ₹ 79.0 crore (FY 2016-17: ₹ 45.7 crore). The Company's loan portfolio consists of projects in the area of Wind Energy, Solar Energy, Small Hydro Energy, Off-grid Solar, Waste Management, Water Management and Energy Efficiency.

7. FINANCE

During FY 2017-18, the Company met its funding requirements through a combination of Short Term debt (comprising Commercial Papers, Inter Corporate Deposits ("ICDs") and Bank Loans) and Long Term debt (comprising Non-Convertible Debentures ("NCDs") and Bank Loans).

During FY 2017-18, the Company issued Secured Redeemable NCDs aggregating ₹ 567.70 crore (face value) on a private placement basis.

The aggregate debt outstanding as at March 31, 2018 was ₹ 2,371 crore (of which, ₹ 1,243 crore was payable within one year). The Debt / Equity ratio as on March 31, 2018 was 3.61 times. The Company has been regular in servicing all its debt obligations.

8. CREDIT RATING

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

RATING AGENCY	RATING	NATURE OF SECURITIES
CRISIL	CRISIL AA+	Bank Loan
CRISIL AND CARE	CRISIL AA+ and CARE AA+	Secured NCDs on a private placement basis.
CRISIL / ICRA	CRISIL A1+ and ICRA A1+	Commercial Paper

9. RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy with focus on building risk management culture across the organization. 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. It entails establishment of robust systems and processes within the Enterprise Risk Management Framework to mitigate risks effectively. Risk Management at the Company covers Credit Risk, Market Risk, Operational Risk, Fraud Risk and other risks. The Risk Management Practices of Tata Capital are compliant with ISO 31000:2009, which is the International Standard for Risk Management that lays down Principles, Guidelines and Framework for Risk Management in an organization.

The Risk Management Committee ("RMC") of the Board assists the Board in its oversight of various risks mentioned above. The RMC 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 analyzing counter-party, industry sector, geographical region, single borrower and borrower group. While the Credit Committee approves 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. Periodic scenario analysis of the credit portfolio is conducted and necessary corrective measures are implemented.

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 and corrective actions are implemented on KRI exceptions. An oversight committee of Senior Management representatives viz. the Operational Risk Management Committee, 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 comprising Senior Management representatives reviews matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

10. 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 the regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls in the Company.

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

11. INTERNAL FINANCIAL CONTROLS

The Management had reviewed 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 Organisations of the Treadway Commission ("COSO"). Entity Level Control framework document based on COSO 2013 framework has been documented. The documentation of process maps, key controls, standard operating procedures and risk registers has been completed for all businesses and functions. Further, during FY 2017-18, Management testing has been conducted on a sample basis for all key processes. The Internal Audit team has also conducted a review of the Internal Financial Controls. Remedial action has been taken or agreed upon with a finite closure date for controls where weaknesses were identified. There are no material unaddressed internal financial controls related observations outstanding as at March 31, 2018. Based on the above, the Board believes that adequate Internal Financial Controls exist and are effective for.

12. INFORMATION TECHNOLOGY SUPPORT

Information Technology ("IT"), after having achieved stability in the core systems and close to total automation of all the business processes, is now moving to a Transformation and Leadership phase.

The focus will be on the use of data analytics and digitalization as strategic levers for achieving business objectives.

Key projects that would transform the IT landscape are underway. The Company would be moving its data centre and key software assets to the cloud to achieve scalability and elasticity to support its business growth at optimum costs. The Company will also enhance its Digital platform, covering the aspects of Social, Mobility, Analytics and

Cloud. Use of Artificial Intelligence ("AI") and Machine Learning ("ML") will also be a key focus area to drive business growth, automate processes, improve productivity and enhance customer experience.

During FY 2017-18, the RBI had issued the 'Master Direction – Information Technology Framework for the NBFC Sector' ("Master Directions") on June 8, 2017 and all NBFCs were required to comply with these Master Directions by June 30, 2018. Accordingly, for adequate IT Governance, the Company, *inter alia*, adopted an Information Technology Policy, Information Security Policy and Cyber Security Policy.

13. HUMAN RESOURCES

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

The Company had 42 permanent employees on the rolls of the Company as at March 31, 2018.

Tata Capital's mission of creating a high performance culture has been further strengthened through areas like building a capability model (identification of critical competencies), nurturing talent through interventions such as coaching, competency based training programs and cross functional projects.

Tata Capital's third Cultural Survey, based on the ten identified attributes and conducted by the Gallup Organization in 2017, has given it a very healthy and positive score of 4.31 on a scale of 5 (4.25 in 2015).

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 Organization.

As part of the journey to becoming a benchmark organisation in HR practices, Tata Capital has achieved its People Capability Maturity Model ("P-CMM") Level 3 Certification and further assessed at Level 4 (SCAMPI B equivalent assessment) and has now embarked on the journey of achieving Level 5 Certification. In addition, during the 8th CII HR Excellence Award process – 2017-18, Tata Capital was recognized with the "Significant Achievement in HR Excellence Award".

Tata Capital's Learning & Development ("L&D") initiatives are focused on enhancing the functional and behavioural competencies of its employees through L&D interventions, such as Executive Development Programs, e-learning and various classroom based training programs. Tata Capital was awarded the Kamikaze B2B Employee Engagement Awards for Best Use of Training in Employee Engagement and Best use of Voice of the Employee award for the FY 2017-18. It was also awarded the Best Blended Learning Program at the TISS - Leapvault CLO Awards 2017.
Tata Capital also achieved key milestones in FY 2017-18, wherein some of the key HR processes were digitized and made fully operational, supporting the fast pace of our growing manpower and thus achieving an objective of improved employee experience, better employee insight and moving towards a paperless environment.

Tata Capital is committed to maintain the highest standards of health, safety and security for its employees and business associates and to operate in a healthy and safe environment.

14. CORPORATE SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is deeply rooted in the Tata Group's business philosophy. The Group Companies have a sense of responsibility towards making use of its existing resources and knowledge to not only make profits but also solve social and environmental issues.

The Company shares the Group's belief that our society can truly progress, if every individual is included and empowered in the story of development. To guide us in this journey, the Company has defined a Corporate Social Responsibility ("CSR") policy which outlines the thrust areas of development, viz. Livelihood and Employability, Health, Education and Environment, as adopted by the CSR Committee and the Board of Directors of the Company, which is available on the Company's website, www.tatacapital.com.

For FY 2017-18, the CSR budget of the Company was ₹ 80 lakh, this 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 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. The budget was spent towards projects and programmes, covered under Schedule VII to the Act, as approved by the CSR Committee of the Board. To conceptualise and implement the projects, the Company follows a robust process including but not limited to, appraising and selecting technically sound NGOs, planning the project based on baseline assessment, creating a project plan for implementation and monitoring and evaluation mechanisms. This helps to bring the desired positive and measurable results for the target beneficiaries. More details on the CSR activities is annexed herewith as Annexure 'A'.

Additionally, the Company adheres to the Tata Group's Tata Affirmative Action Programme based on the framework defined by Confederation of Indian Industries. The framework focusses on upliftment of Scheduled Castes and Scheduled Tribes and identifies 4Es as key areas of development i.e. Education, Employability, Employment and Entrepreneurship. In addition to the 4Es, the Company also adheres to 'Essentials' as another category to provide for basic services like shelter, water and electricity.

15. COMPLIANCE

The Company has complied with all the applicable regulations of RBI during Financial Year 2017-18. With respect to provisioning of Non-Performing Assets ("NPA"), the Company follows stricter norms than those prescribed by RBI. The Capital to Risk Assets Ratio of the Company is 19.52% as on March 31, 2018, which is more than the prescribed minimum of 15.00%. During the year under review, the Company has Nil NPA.

The Company has adopted a Compliance Risk Management Charter for monitoring and supervising the compliance requirements.

16. 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.

17. 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.

18. 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. The Company has, from time to time, made investments in liquid Mutual Funds arising out of temporary surplus funds. As on March 31, 2018, there were no outstanding Investments in Mutual Funds.

19. DIRECTORS

Based on the recommendation of the Nomination and Remuneration Committee ("NRC") of the Company, the Board of Directors approved the appointments of the following Directors, during FY 2017-18:

a) Re-appointment of Ms. Ms. Padmini Khare Kaicker (DIN: 00296388), as an Independent Director of the Company for a second term of five years, with effect from March 11, 2018 upto March 10, 2023, subject to the approval of the Members of the Company. Further, at the Extraordinary General Meeting of the Company held on March 29, 2018, the Members had approved the said re-appointment of Ms. Kaicker as Independent Director of the Company, with effect from March 11, 2018; and

b) Appointment of Mr. Rajiv Sabharwal (DIN: 00057333) as an Additional Director and Non-Executive Director of the Company, with effect from April 1, 2018. The said appointment was approved by RBI vide its letter dated January 31, 2018. Mr. Sabharwal holds office upto the ensuing Annual General Meeting ("AGM") and is eligible for appointment as a Director.

Apart from the above, during the year, Mr. Praveen P. Kadle (DIN: 00016814) ceased to be the Director of the Company, with effect from the end of day on March 31, 2018, consequent to his retirement as the Managing Director & CEO of TCL, the holding company. Mr. Nihar Shah (DIN: 06969270), a Non-Executive Director of the Company, who was appointed as a Nominee Director by IFC in accordance with the Shareholders Agreement between the Company, TCL and IFC, ceased to be the Director of the Company, with effect from April 16, 2018.

The Directors place on record their appreciation for the valuable contribution made by Mr. Kadle and Mr. Shah, during their tenure, as Directors of the Company.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Pradeep C. Bandivadekar (DIN: 00059330) is liable to retire by rotation at the ensuing AGM and is eligible for re-appointment. The Members of the Company may refer to the accompanying Notice of the AGM of the Company, for the brief Resumes of Mr. Sabharwal and Mr. Bandivadekar.

Pursuant to the 'Fit and Proper' Policy adopted by the Company under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Master Directions for NBFCs"), the Company has received the 'Fit and Proper' declarations from Mr. Sabharwal and Mr. Bandivadekar for their respective appointment / re-appointment as Directors of the Company, which have been taken on record by the NRC.

The Company has received declarations from the Independent Directors viz. Mr. V Leeladhar (DIN: 02630276) and Ms. Padmini Khare Kaicker (DIN: 00296388), stating that they meet the criteria of independence as provided in Section 149(6) of the Act.

20. 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 and of the individual Directors (including the Chairman) as well as an evaluation of the working of all the Committees of the Board. The Board of Directors was assisted by the NRC. The performance evaluation was carried out by seeking inputs from all the Directors / Members of the Committees, as the case may be.

The Guidance Note on Board Evaluation ("Guidance Note"), issued by the Securities and Exchange Board of India ("SEBI"), had encouraged companies which were not covered under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("LODR Regulations") to follow the criteria mentioned in the Guidance Note. The Board of the Company followed the said criteria recommended under the Guidance Note for evaluating the performance of the Board as a whole, Committees of the Board, Individual Directors and Chairperson. The criteria for evaluation of the Board as a whole, *inter alia,* covered parameters such as Structure of the Board, Meetings of the Board and Functions of the Board. The criteria for evaluation of individual Directors covered parameters such as details of professional qualifications and prior experience relevant to the Company, knowledge and competency, fulfillment of functions, ability to function as a team, etc. The criteria for evaluation of the Board Committees covered areas related to mandate and composition, effectiveness of the Committee, structure of the Committee and Meetings, etc.

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

21. POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY OF THE COMPANY

The NRC develops the competency requirements of the Board based on the industry and 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’s Attributes’ and a ‘Remuneration Policy’. The Policy on Board Diversity and Director Attributes has been framed to encourage diversity of thought, experience, knowledge, perspective, age and gender in the Board. 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 Remuneration 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 Company has also adopted the ‘Fit and Proper’ Policy for ascertaining the ‘fit and proper’ criteria to be adopted at the time of appointment of Directors and on a continuing basis, pursuant to the RBI Master Directions for NBFCs. The Company has received the ‘Fit and Proper’ declarations from all the Directors of the Company in April 2018, which have been taken on record by the NRC. The Company has received the ‘Fit and Proper’ declarations from all the Directors of the Company in April 2018, which have been taken on record by the NRC.

22. KEY MANAGERIAL PERSONNEL

Mr. Manish Chourasia, Managing Director; Mr. Behzad Bhesania, Chief Financial Officer and Ms. Shivangi Rajpopat, Company Secretary are the Key Managerial Personnel (“KMP”) of the Company.

During the year under review, Mr. Sunil Raut ceased to be the Company Secretary of the Company with effect from September 22, 2017. The Board places on record its appreciation for the services rendered by him, during his tenure as Company Secretary of the Company and as its KMP.
Consequent upon the resignation of Mr. Raut, Ms. Rajpopat was appointed as Company Secretary and KMP of the Company, with effect from October 1, 2017.

23. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors, including audit of internal financial controls over financial reporting by the Statutory Auditors and the reviews performed by 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 2017 -18.

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 and the Guidance provided by The Institute of Chartered Accountants of India 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.

24. CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

The Company recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, 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 best practices.

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 Key Performance Metrics for tracking progress on long - term strategic objectives and the

Tata Code of Conduct ("TCOC"), which articulates the values, ethics and business principles and serves as a guide to the Company, its directors and employees, supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the 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, an Occupational Health and Safety Management and an Anti-Bribery and Anti-Corruption ("ABAC") Policy .

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.

a) Board of Directors

The Board of Directors, alongwith 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. As on March 31, 2018, the Board comprised six Directors, viz. Mr. Vittaldas Leeladhar (Chairman), Ms. Padmini Khare Kaicker, Mr. Praveen P. Kadle, Mr. Nihar Shah, Mr. Pradeep C. Bandivadekar and Mr. Manish Chourasia.

Ms. Padmini Khare Kaicker was re-appointed as an Independent Director of the Company for a period of five years, with effect from March 11, 2018. Mr. Praveen P. Kadle ceased to the Director of the Company, with effect from March 31, 2018. Mr. Rajiv Sabharwal was appointed as the Non-Executive Director of the Company, with effect from April 1, 2018. Mr. Nihar Shah ceased to be the Director of the Company, with effect from April 16, 2018.

Mr. Leeladhar and Ms. Kaicker are the Independent Directors ("IDs") while Mr. Sabharwal and Mr. Bandivadekar are Non-Executive Directors ("NEDs") of the Company and Mr. Chourasia is the Managing Director of the Company.

During FY 2017-18, nine Meetings of the Board of Directors were held on the following dates: April 26, 2017, May 10, 2017, June 2, 2017, June 16, 2017, July 26, 2017, September 26, 2017, October 27, 2017, January 25, 2018 and February 28, 2018. Details of Directors, their attendance at Board Meetings and at the previous AGM of the Company are, given below:

Name of Directors	Director Identification Number	Category	Board Meetings Attended	Whether present at previous AGM held on August 21, 2017
Mr. Vittaldas Leeladhar, Chairman	02630276	Independent	8	-
Ms. Padmini Khare Kaicker	00296388	Independent	8	-
Mr. Praveen P. Kadle[1]	00016814	Non-Executive	8	Yes
Mr. Nihar Shah[2]	06969270	Non-Executive	4	-
Mr. Pradeep C. Bandivadekar	00059330	Non-Executive	8	Yes
Mr. Manish Chourasia	03547985	Managing Director	8	Yes

Notes:

1. *Mr. Praveen P Kadle ceased to be a Director of the Company, with effect from end of day on March 31, 2018.*
2. *Mr. Nihar Shah ceased to be a Director of the Company, with effect from April 16, 2018.*

Mr. Praveen P. Kadle, Chairman of the NRC, had attended the last AGM of the Company. Ms. Padmini Khare Kaicker, Chairperson of the Audit Committee, had authorised Mr. Pradeep C. Bandivadekar, a Member of the Audit Committee, to attend the last AGM on her behalf.

b) Remuneration to the Directors

The Company paid Sitting Fees to the NEDs and IDs for attending Meetings of the Board and the Committees of the Board and will pay Commission to IDs for FY 2017-18, within the maximum prescribed limits, to the NEDs and IDs who were Directors of the Company during FY 2017-18, as recommended by the NRC and approved by the Board at their Meetings held on April 25, 2018.

Details of Sitting Fees and Commission are, given below:

Name of Director(s)	Sitting Fees paid for attending Board and Committee Meetings during FY 2017-18	Commission to be paid for FY 2017-18
Mr. Vittaldas Leeladhar	Rs. 9,40,000	Rs. 10,00,000
Ms. Padmini Khare Kaicker	Rs. 4,70,000	Rs. 10,00,000
Mr. Nihar Shah	Rs. 1,20,000	-

Notes:

(i) The Sitting Fees in respect of the Director nominated by IFC, had been paid in US Dollars to IFC, based on invoices raised by IFC.

(ii) Mr. Praveen P. Kadle, Non-Executive Director, who was the Managing Director & CEO of TCL, the holding company, upto March 31, 2018, had informed the Company that he would not take any Sitting Fees from the Company, since he was in employment of TCL.

(iii) Mr. Rajiv Sabharwal and Mr. Pradeep C. Bandivadekar, Non-Executive Directors, have also informed the Company that they would not take any Sitting Fees from the Company, as they are in employment of TCL.

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

c) 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, Finance and Asset Liability Supervisory Committee ("ALCO"), Risk Management Committee ("RMC"), NRC, Investment Credit Committee ("ICC"), CSR, Asset Purchase Committee, Referral Committee and Information Technology ("IT") Strategy Committee. The Company Secretary is the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board / respective Committees of the Board at their next meetings. The minutes of the meetings of all Committees of the Board are circulated to the Board of Directors, for their noting.

(i) Audit Committee

The Audit Committee of TCCL as on March 31, 2018, comprised Ms. Padmini Khare Kaicker, as Chairperson, Mr. Vittaldas Leeladhar and Mr. Pradeep C. Bandivadekar.

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 the Guidelines issued by the RBI. The Charter is reviewed from time to time and is available on the Company's website, www.tatacapital.com. Given below, *inter alia*, is a gist of the responsibilities of the Audit Committee:

- Recommend the 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 TCoC
- 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.

During FY 2017-18, six Meetings of the Audit Committee were held on the following dates: April 26, 2017, July 26, 2017, September 8, 2017, October 27, 2017, January 25, 2018 and February 26, 2018.

The composition of the Audit Committee and the attendance of its Members at its Meetings held during FY 2017-18, is given below:

Name of the Members	**Category**	**No. of Meetings**	
		Held	**Attended**
Ms. Padmini Khare Kaicker	Independent	6	5
Mr. Vittaldas Leeladhar	Independent	6	6
Mr. Pradeep C. Bandivadekar	Non-Executive	6	6

Note:

Mr. Pradeep C. Bandivadekar ceased to be a Member and Mr. Rajiv Sabharwal was appointed as a Member of Audit Committee, with effect from April 1, 2018.

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

Besides the Members of the Committee, meetings of the Audit Committee are attended by the Managing Director, the Chief Financial Officer, the Company Secretary, Statutory Auditors and the Head - Internal Audit. Further, Meetings of the Audit Committee for the consideration of the Financials are also attended by the other Directors, as Invitees. The Internal Audit function is headed by the

Head of Internal Audit of the Company, who reports to the Chairperson of the Audit Committee to ensure independence of operations.

(ii) Other Committees

The composition of other Committees, as at March 31, 2018 is, as under:

Committee / Director	NRC	RMC	ALCO	CSR	ICC	Referral Committee	Asset Purchase Committee
Mr. Vittaldas Leeladhar (Independent Director)	✓	✓ CH	✓ CH	✓ CH	✓ CH	✓ CH	✓ CH
Ms. Padmini Khare Kaicker (Independent Director)	✓			✓			✓
Mr. Praveen P. Kadle (Non- Executive Director)	✓CH	✓	✓		✓		
Mr. Nihar Shah (Non-Executive Director)						✓	✓
Mr. Pradeep C. Bandivadekar (Non- Executive Director)	✓	✓	✓	✓	✓		
Mr. Manish Chourasia (Managing Director)							

CH - Chairperson

Notes:

1. *Mr. Praveen P. Kadle ceased to be a Member / Chairman of all the Committees in which he was a Member / Chairman, with effect from end of day on March 31, 2018, consequent upon his cessation as a Director of the Company.*
2. *Mr. Nihar Shah ceased to be a Member of all the Committees in which he was a Member with effect from the day of April 16, 2018, consequent upon his cessation as a Director of the Company.*
3. *The Committees of the Board have been reconstituted as under, with effect from April 1, 2018:*
   a. *Mr. Rajiv Sabharwal was inducted as a Member of ICC, RMC and ALCO and also inducted as a Chairman of NRC.*
   b. *Mr. Pradeep C. Bandivadekar ceased to be a Member of NRC.*
   c. *Mr. Manish Chourasia was inducted as a Member of ALCO and RMC.*

d) Secretarial Standards

The Company is compliance with SS -1 i.e. Secretarial Standard on Meetings of the Board of Directors and SS – 2 i.e. Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India.

e) Registered Office

The Registered Office of the Company has shifted from One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai 400 001 to 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013, with effect from April 1, 2018.

f) 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 debenture holders can also send in their queries / complaints at the designated email address: compliance.ncd@tatacapital.com.

g) General Information for Members and Debenture holders

The half-yearly Financial Results of the Company are submitted to the Stock Exchange in accordance with the SEBI (LODR Regulations) 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. 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 U65923MH2011PLC222430. The Company's NCDs issued on private placement basis, are listed on the Wholesale Debt Market segment of the National Stock Exchange of India Limited.

Details of Debenture Trustee and the Registrar and Transfer Agent for the Debentures, are given below:

Debenture Trustee
IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001 Website: www.idbitrustee.com; Tel: +91 22 4080 7000; Fax: +91 22 6631 1776 e-mail: itsl@idbitrustee.com

Registrar and Transfer Agent
NCDs issued on a Private Placement basis
TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011. Website: www.tsrdarashaw.com Tel: +91 22 66178554; Fax: 022 6656 8494 e-mail: nnair@tsrdarashaw.com

Pursuant to the provisions of Section 124 of the Act, the unclaimed interest on matured debentures as well as the unclaimed principal amount of the matured debentures would be transferred to the Investor Education and Protection Fund ("IEPF") after completion of seven years from the date it becomes due for payment. During FY 2017-18, no amount was required to be transferred to the IEPF.

The debenture holders are requested to claim the interest on matured debentures and the amount of matured debentures on private placement basis at the earliest, by contacting the Company or the Registrar.

Pursuant to Section 125 of the Act, any person claiming to be entitled to the amount which has been transferred to IEPF can apply to the concerned authority, for the payment of the money claimed.

25. VIGIL MECHANISM

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

The Vigil Mechanism provides for access to the Company's Ethics Committee for reporting concerns and grievances. It also provides access to the Compliance Officer under the ABAC Policy and to the Chairperson of the Company's Audit Committee / the Chief Ethics Counselor under the Company's Whistle Blower Policy. Information regarding the mechanism and the channels for reporting concerns (including a third-party reporting channel) are communicated to relevant stakeholders.

The Vigil Mechanism, the Whistle Blower Policy, the TCOC and ABAC Policy are available on the website of the Company, www.tatacapital.com.

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

The Company is committed to providing and promoting a safe and healthy work environment for all its employees. A 'Prevention of Sexual Harassment' ("POSH") Policy ("Policy"), which is in line with the statutory requirement, along with a structured reporting and redressal mechanism is in place.

During FY 2017-18, the Company received no complaints under the provisions of 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

27. STATUTORY AUDITORS

At the Sixth AGM of the Company held on August 21, 2017, B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) ("BSR"), were appointed as the Statutory Auditors of the Company, for a term of five years, to hold office from the conclusion of the Sixth AGM till the conclusion of the Eleventh AGM of the Company to be held in 2022, subject to the ratification of their appointment by the Members at every AGM, if required under the Act.

The Board recommends the ratification of the appointment of BSR as Statutory Auditors of the Company from the conclusion of the ensuing Seventh AGM upto the conclusion of the Eighth AGM of the Company, to the Members.

28. 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 and other relevant provisions of the Act, as applicable. Further, the Company follows the RBI Master Directions for NBFCs. The Financial Statements have been prepared on an accrual basis under the historical cost convention. The Accounting Policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous year.

29. EXPLANATION ON STATUTORY AUDITORS’ REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by BSR & Co. LLP, Chartered Accountants in their Report dated April 25, 2018 on the Financial Statements of the Company for FY 2017 -18.

30. SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Parikh & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the FY 2017-18. The Secretarial Audit Report, in the prescribed Form No. MR-3, is attached herewith 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 April 25, 2018, on the Secretarial and other related records of the Company, for FY 2017-18.

31. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS

There are no material changes or commitments affecting the financial position of the Company which have occurred between March 31, 2018 and April 25, 2018, being the date of this Report.

32. RELATED PARTY TRANSACTIONS

The Company has adopted a Policy and a Framework on Related Party Transactions for the purpose of identification, monitoring and approving 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 transaction with Related Parties which are not in its ordinary course of business or not on an arm’s length basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Act.

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

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

i. Steps taken / impact on conservation of energy:
The operations of the Company, being Financial Services related, require normal consumption of electricity. The Company is taking every necessary step to reduce the consumption of energy.

ii. Steps taken by the Company for utilising alternate sources of energy:
Tata Capital has installed a solar panel at its Thane office which produces close to 750 Watts of energy and which self illuminates and provides power to the garden and security lights on the campus from dusk to dawn. The garden lights at the Thane office have been retrofitted with Light Emitting Diode (“LED”) bulbs that consume less electricity as compared to conventional incandescent or Compact Fluorescent Light (“CFL”) bulbs.

iii. Capital investment on energy conservation equipment’s:
In view of the nature of activities carried on by the Company, there is no capital investment on energy conservation equipment.

(B) <u>Technology absorption</u>:

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 is not be applicable to the Company.

(C) **<u>Foreign Exchange Earnings and Outgo</u>:**

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 ₹ 0.29 crore.

34. EXTRACT OF THE ANNUAL RETURN

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

35. 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, 2018, 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, 2018, 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.

36. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

37. ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Vittaldas Leeladhar
Chairman

Mumbai
April 25, 2018

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:**

   In line with the Tata Group Philosophy and legal requirements as per the Section 135 (CSR Rules) of the Companies Act, 2013 (“Act”), TCCL has adopted CSR as an integral part of its Business. TCCL has been engaged in community development activities since 2009.

   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 Health and Climate Action.

   For details of the CSR Policy along with projects and programs, kindly refer to http://www.tatacapital.com.

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 comprises:

   - Mr. Vittaldas Leeladhar, Independent Director (Chairman)
   - Mr. Pradeep C. Bandivadekar, Non-Executive Director
   - Ms. Padmini Khare Kaicker, Independent Director

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

(Amount in Rs.)

Financial Year	Net Profit
FY 2014-15	11,63,51,791/-
FY 2015-16	40,23,03,429/-
FY 2016-17	67,53,00,000/-
Average Net Profit	**39,79,85,073/-**

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 2017-18 was Rs. 79,59,701/- **<u>rounded off to Rs. 80,00,000/-</u>**.

5. **Details of CSR spend during FY 2017-18:**

   a. Total amount to be spent: Rs. 80,00,000/-
   b. Amount unspent, if any: Nil
   c. Manner in which the amount was spent during FY 2017-18 is detailed below:

(in Rs.)

Sr. No	CSR Project identified	Project Sector (Schedule VII)	Project Area and district, State	Amount Outlay (budget)	Amount Spent on the project		Cumulative expenditure up to FY17-18	Amount Spent	
	Name of the Project				Direct expenditure	Overheads		Direct	Implementing Agency
1	The Green Switch	Ensuring Environmental Sustainability	Shahapur, Thane, Maharashtra	65,56,000	62,28,500	3,27,500	65,56,000		Pragati Pratishthan NGO Gram Oorja Solutions Private Limited
2	iWASH (Water, Sanitation and Hygiene)	Ensuring Environmental sustainability (iv)	Hyderabad, Telangana	14,44,000	11,06,300	3,37,700	14,44,000	--	Jal Seva Charitable Trust (Water Aid India)
	TOTAL			**80,00,000**	**73,34,800**	**6,65,200**	**80,00,000**		

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 amount has been spent.

7. **Responsibility Statement:**

   The CSR Committee of the Board hereby confirms that the implementation and monitoring of the CSR Policy are in compliance with the CSR objectives and CSR Policy of the Company.

Mr. Vittaldas Leeladhar
Chairman, CSR Committee,
(Independent Director)

Ms. Padmini Khare Kaicker
Member, CSR Committee
(Independent Director)

Mr. Pradeep C. Bandivadekar
Member, CSR Committee
(Non-Executive Director)

ANNEXURE 'B'

BOARD DIVERSITY POLICY 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 Cleantech Capital Limited ("TCCL" 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 TCCL 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 a 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.

Annexure 'C'

REMUNERATIONPOLICY

1. COMPENSATION PHILOSOPHY:

Tata Cleantech Capital 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 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") / Manager / CEO / KMP / rest of the employees (Note 1)

(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 / ED 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-imbursements 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 / ED 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 / ED 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.

Note [1] *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, 2018

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

To,
The Members,
TATA CLEANTECH CAPITAL LIMITED

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, the information 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, 2018 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, 2018according 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, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time (Not applicable to the Company during the audit period);

d. The Securities and Exchange Board of India (Share Based Employee Benefits) 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 Act and dealing with client (Not applicable to the Company during the audit period);

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period); and

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, Directions, Guidelines and Circulars applicable to Non Banking Financial Companies under the RBI Act, 1934
b) Credit Information Companies (Regulation) Act, 2005 and Rules
c) Guidelines with respect to Securities and Exchange Board of India ("SEBI") KYC registration agency (KRA) Regulations, 2011
d) The Prevention of Money Laundering Act, 2002 and the Prevention of Money Laundering (Maintenance of Records, etc) Rules, 2005
e) 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 Agreements entered into by the Company with National Stock Exchange of India Limited with respect to Non-Convertible Debentures issued by the Company read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 for Meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

Decisions at the Board Meetings were taken unanimously.

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

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.

(i) Issue of 5,677 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 567.70 crore.
(ii) Redeemed 1,650 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 165.00 crore.

For Parikh & Associates
Company Secretaries

Mumbai
April 25, 2018

Signature:
Shalini Bhat
Partner
FCS No: 6484 CP No: 6994

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

Annexure A

To,
The Members
Tata Cleantech Capital Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices we followed, provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events, etc.

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

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

For Parikh & Associates
Company Secretaries

Place: Mumbai
Date: April 25, 2018

Signature:
Shalini Bhat
Partner
FCS No: 6484   CP No: 6994

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 determinining 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. <u>Key Principles</u>

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 transactions with related parties in the ordinary course of business and at arm's length within the monetary threshold ("***de minimis*** **threshold**") as approved by the Audit Committee/Board, from time to time, will be placed before the Audit Committee for noting, on a half yearly basis.

(b) The Board has stipulated that transactions with related parties in the ordinary course of business and at arm's length that cross the de minimis threshold would require prior approval of the Audit Committee.

(c) The Company follows Materiality Thresholds for Related Party Transactions as per the Companies Act, 2013 and the applicable Rules framed thereunder for transactions with related parties which are not in the ordinary course of business and/or not at arm's length basis.

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

7. <u>Disclosure</u>

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:

(Rs. 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 ("TCL")	Holding company	a) ICDs accepted during the year	155,915	Tenor upto 1 year	Cost of Funds at market borrowing rate	Nil
			b) ICDs repaid back during the	158,642	Tenor upto 1 year	Not Applicable	Nil

Notes:

(1) Appropriate approvals have been taken for all Related Party Transactions

(2) Materiality Thresholds for Reporting Related Party Transactions in the ordinary course of business and on an arm's length basis is as per the Framework for Related Party

For and on behalf of the Board of Directors

April 25, 2018
Mumbai

Vittaldas Leeladhar
(Chairman)

Annexure 'G'

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018
[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: U65923MH2011PLC222430

ii) Registration Date: September 27, 2011

iii) Name of the Company: Tata Cleantech Capital 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.

The Registered Office address has changed to 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013 with effect from April 1, 2018.

Contact details:

Tel: 022-6745 9000 / 022-6606 9000

E-mail id: shivangi.rajpopat@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 the National Stock Exchange of India Limited.

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:

Non – Convertible Debentures issued on a Private Placement basis
TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400011, Maharashtra, India Contact Person: Ms. Nandini Nair Tel: 022 66568484 Fax: 022 66568494 www.tsrdarashaw.com e-mail: nnair@tsrdarashaw.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	Financial Service Activity	64990	100%

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	80.50%	Section 2(46)

Note:

1. *The Registered Office address has changed from One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai – 400001 to 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, with effect from April 1, 2018.*

IV. 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	
A. Promoters									
(1) **Indian**	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
sc) State Govt (s)	-	-	-	-	-	-	-	-	-

d) Bodies Corp.	-	28,63,84,848	28,63,84,848	80.50	-	28,63,84,848	28,63,84,848	80.50	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other…	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	**28,63,84,848**	**28,63,84,848**	**80.50**	**-**	**28,63,84,848**	**28,63,84,848**	**80.50**	**-**
(2) **Foreign**									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**-**	**28,63,84,848**	**28,63,84,848**	**80.50**	**-**	**28,63,84,848**	**28,63,84,848**	**80.50**	**-**
B. Public Shareholding									
1. **Institutions**									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Multilateral Financial Institution)	-	6,93,72,727	6,93,72,727	19.50	-	6,93,72,727	6,93,72,727	19.50	-
Sub-total (B)(1):	**-**	**6,93,72,727**	**6,93,72,727**	**19.50**	-	**6,93,72,727**	**6,93,72,727**	**19.50**	-
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ii) Overseas	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
b) Individuals i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
c) Others (specify)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sub-total (B)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**-**	**6,93,72,727**	**6,93,72,727**	**19.50**	**-**	**6,93,72,727**	**6,93,72,727**	**19.50**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**-**	**35,57,57,575**	**35,57,57,575**	**100**	**-**	**35,57,57,575**	**35,57,57,575**	**100**	**-**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of 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	% change in share holding during the year
1.	Tata Capital Limited	28,63,84,848	80.50	NIL	28,63,84,848	80.50	NIL	NIL
	Total	28,63,84,848	**80.50**	**NIL**	**28,63,84,848**	**80.50**	**NIL**	**NIL**

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

Sr. No.		Shareholding		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	28,63,84,848	80.50	28,63,84,848	80.50
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	-	-	-	-
3.	At the end of the year	28,63,84,848	80.50	28,63,84,848	80.50

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

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	For Each of the Top 10 Shareholders	Shareholding		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	6,93,72,727	19.50	6,93,72,727	19.50
2.	Date wise Increase / Decrease in Shareholding 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)	6,93,72,727	19.50	6,93,72,727	19.50

(v) Shareholding 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	No. of shares	No. of shares	No. of shares
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Shareholding 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.

(Rs. in crore)

	Secured Loans (excluding deposits)	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount	1,004.73	380.00	0	1,384.73

ii) Interest due but not paid ii) Interest accrued but not due	0 28.74	0 1.85	0 0	0 30.59
Total (i+ii+iii)	**1,033.47**	**381.85**	**0**	**1,415.32**
Change in Indebtedness during the financial year • Addition (Net) • Reduction	 3,524.39 2,625.72	 2,610.55 2,523.37	 0 0	 6,134.34 5,149.09
Net Change	**898.67**	**87.18**	**0**	**985.85**
Indebtedness at the end of the financial year: i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	 1,903.40 0 45.75	 467.18 0 1.75	 0 0 0	 2,370.58 0 47.50
Total (i+ii+iii)	**1,949.15**	**468.93**	**0**	**2,418.08**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. **Remuneration to Managing Director, Whole-time Directors and/or Manager**:

Sr. no.	**Particulars of Remuneration**	**Name of Managing Director**	**Total Amount**
		Mr. Manish Chourasia (April 1, 2017 to March 31, 2018) (Rs. in lakh)	
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) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	 157.69 6.02 -	 157.69 6.02 -
2.	Stock Option	10,000	10,000
3.	Sweat Equity	--	--
4.	Commission - as % of profit	--	--

	- others, specify…		
5.	Others, please specify	--	--
	Total (A)	**163.71**	**163.71**
	Ceiling as per the Act		597.3

B. Remuneration to other directors:

(Rs. in lakh)

Sr. no.	Particulars of Remuneration	Name of Directors			Total Amount
	Independent Directors	**Mr. Vittaldas Leeladhar**	**Ms. Padmini Khare Kaicker**		
1.	Fees for attending board / committee meetings Commission Others, please specify	9.4 10 -	4.7 10 -		14.1 20 -
	Total (1)	**19.4**	**14.7**		**34.1**
2.	**Other Non-Executive Directors**	**Mr. Praveen Kadle**	**Mr. Nihar Shah**	**Mr. Pradeep Bandivadekar**	
	Fees for attending board / committee meetings Commission Others, please specify	- - -	1.2 - -	- - -	1.2 - -
	Total (2)	**-**	**1.2**	**-**	**1.2**
	Total (B)=(1+2)				**35.3**
	Total Managerial Remuneration (A+B)				**199.01**
	Overall Ceiling as per the Act				1,314.06

Note:

1. *No Sitting Fees has been paid to Mr. Praveen P Kadle and Mr. Pradeep C Bandivadekar*

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sr. no.	**Particulars of Remuneration**	**Key Managerial Personnel (Rs. in Lakh)**			
		Chief Financial Officer	**Company Secretary**		**Total**
		Mr. Behzad Bhesania (April 1, 2017 to March 31, 2018)	**Mr. Sunil Raut (April 1, 2017 to September 22, 2017)**	**Ms. Shivangi Rajpopat (October 1, 2017 to March 31, 2018)**	
1.	Gross salary				47.53
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	40.02	7.51	-	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2	-	-	2
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	10,000	-	-	10,000
3.	Sweat Equity	-	-		-
4.	Commission - as % of profit - others, specify	-	-		-
5.	Others, please specify	-	-		-
	Total	**42.02**	**7.51**		**49.53**

Notes:

1. *Mr. Sunil Raut ceased to be the Company Secretary, with effect from September 22, 2017 and accordingly the remuneration furnished above is for the period April 1, 2017 to September 22, 2017.*
2. *Ms. Shivangi Rajpopat was appointed as the Company Secretary & Compliance Officer of the Company, with effect from October 1, 2017. She has been deputed to the Company by Tata Capital Limited ("TCL"), the holding company and is drawing her remuneration from 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)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
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 the remuneration of each Director to the median remuneration of the employees of the Company for FY 2017-18 is, as under:

Name of Director(s)	Ratio to Median
Mr. Vittaldas Leeladhar	0.42 : 1
Mr. Nihar Shah	0.05 : 1
Ms. Padmini Khare Kaicker	0.21 : 1
Mr. Manish Chourasia	7.96 : 1

1. *Mr. Praveen P. Kadle, Non-Executive Director, did not draw any remuneration from the Company, since he was the Managing Director & CEO of Tata Capital Limited ("TCL"), the holding company. Mr. Kadle retired from TCL and also resigned from the Company, with effect from end of day on March 31, 2018.*
2. *Mr. Pradeep C. Bandivadekar, Non-Executive Director, did not draw any remuneration from the Company, as he was in the employment of Tata Capital Financial Services Limited, a fellow subsidiary company, during the year. Mr. Pradeep C. Bandivadekar is currently in employment of TCL, the holding company.*

In view of the above, the ratio of remuneration of Mr. Kadle and Mr. Bandivadekar to the median remuneration of employees, has not been computed.

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

The percentage increase / decrease in remuneration of Directors in FY 2017-18, is as under:

Name of Director(s)	% Increase /decrease in Remuneration
Mr. Vittaldas Leeladhar[1]	453%
Mr. Nihar Shah[1]	100%
Ms. Padmini Khare Kaicker[1]	292%
Mr. Manish Chourasia	20.1%
Mr. Behzad Bhesania	19.9%
Mr. Sunil Raut[2]	Nil
Ms. Shivangi Rajpopat[3]	Not Applicable

1. *The remuneration paid to Mr. Vittaldas Leeladhar, Mr. Nihar Shah and Ms. Padmini Khare Kaicker included only the sitting fees paid for attending Board / Board Committee Meetings. There was an increase in the remuneration since the number of Board / Board Committee Meetings held during FY 2017-18 were higher than those held during FY 2016-17.*

2. *Mr. Praveen P. Kadle and Mr. Pradeep C. Bandivadekar, Non - Executive Directors of the Company, did not draw any remuneration from the Company in FY 2017-18. In view of the same, the percentage increase in their remuneration, has not been computed.*

3. *The percentage increase in remuneration of Mr. Sunil Raut, Company Secretary, for FY 2017-18 was Nil as compared to FY 2016-17. Mr. Sunil Raut resigned as the Company Secretary & Compliance Officer of the Company, with effect from September 26, 2017.*

4. *Ms. Shivangi Rajpopat has been appointed as the Company Secretary & Compliance Officer of the Company, with effect from October 1, 2017. She has been deputed to the Company by Tata Capital Limited ("TCL"), the holding company and is drawing her remuneration from TCL.*

5. **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 2017-18 by 7.7% as compared to FY 2016-17, owing to the hirings that happened in the last year at junior management level.

6. **The number of permanent employees on the rolls of Company:**

   The permanent employees on the rolls of Company as on March 31, 2018, were 44.

7. **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 the managerial personnel in FY 2017-18 is 38.6% and the percentage increase in the overall managerial remuneration is 27.36%.

8. **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.

ANNEXURE ‘I’

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY OVERVIEW AND OUTLOOK

Please refer to para 2 of the Directors’ Report.

2. OPPORTUNITIES AND THREATS

A. OPPORTUNITIES

The growth in Energy and Infrastructure sector will primarily be responsible to propel an emerging economy like India towards the path of development. These sectors are increasingly enjoying intense focus from central & state authorities. The policy initiatives are reflective of a pro-infrastructure stance taken by the Government. As per the 2018 Budget, India will infuse Rs. 5.97 trillion (USD 91.82 billion) in creating and upgrading infrastructure in the country. The creation of world class Infrastructure would require large scale investments in addressing the deficit in the quantity and quality of infrastructure being created. Therefore, it becomes pertinent to explore the scope for plugging this deficit through Public Private Partnerships across all paradigms of Infrastructure projects particularly Roads, Transmission, Renewable energy and Water treatment.

Renewable Energy

The Government’s thrust on clean energy, backed by a conducive policy framework and a global push towards renewable energy has resulted in a capacity of 67 Giga Watt (“GW”) as on February 2018, which is about 18% of the total installed energy capacity in the country. In the backdrop of the ambitious capacity addition targets set by the Government, the developers will require a greater diversity in funding opportunities from across lending platforms to reduce their overall cost of capital. The tumbling prices of solar modules and wind turbines is another incentivizing factor to meet the country’s capacity addition vision.

The decrease in module and turbine prices are also reflective in the Power Purchase agreements signed by independent power producers in recent times. The recent agreements signed under the tender floated by Solar energy corporation of India entailed a 25-year power purchase agreement at a tariff of Rs. 2.64/Kwh.

As mentioned earlier, CRISIL's total projected capacity growth from FY 2019 to FY 2022, TCCL estimates that sector would require equity investment of Rs. 475 billion (around USD 7.3 billion) and Debt Investment of Rs. 1.42 trillion (USD 21.82 billion) over next 4 years.

Roads

The Government, through a series of initiatives including the Pradhan Mantri Gram Sadak Yojana, Hybrid Annuity Model ("HAM") and the Bharatmala Pariyojana has been able to reinvigorate private investments in the road sector. The budget for the fiscal year 2019 gave a massive push to development of national highways and roads. The budgetary allocation to the ministry of road and transport has been pegged at Rs. 71,000 crore as opposed to Rs. 64,900 crore in the previous fiscal year. The HAM for building road projects has gained a lot of momentum in recent times. HAM is a de-risked model based on deferred Engineering Procurement and Construction ("EPC") payments on annuity basis wherein the National Highway Authority of India ("NHAI") and the private enterprise will share the project cost in 60:40 ratio. HAM has garnered a favorable response from both EPC and Build Operate Transfer ("BOT") players and is currently the most preferred way of awarding projects. With majority of recent projects being awarded under the HAM segment, the overall investment opportunity exceeds Rs. 0.95 trillion (around USD 14.61 billion).

Power Transmission

In order to streamline Public Private Partnerships ("PPP") in power transmission sector, the Independent Power Transmission Company ("ITPC") route and the Joint Venture Company ("JVC") route have been encouraged. In order to reduce Transmission and distribution losses and optimize the utilization of power generation capacity through exchange of power between the surplus and deficit regions and to harness the uneven distribution of energy potential across the country, the Government is increasingly focusing on strengthening the National Grid. As power generation addition during the last 6 years has increased by 11% and transmission has grown only by 6%, there is a heightened impetus by the Government to streamline all necessary approvals and bolster private participation in Transmission projects. The sector offers an overall estimated opportunity of over Rs. 1.25 trillion (around USD 19.23 billion).

Water

Water treatment including Sewage Treatment Plants ("STPs") and desalination projects is another sunrise area that offers lot of opportunities in the sector. The market of Indian wastewater treatment plants is expected to grow at a Compound Annual Growth Rate ("CAGR") of 12.5% till 2021. The Indian market for wastewater management is highly unorganized, with almost half of the market share being held by small and mid-sized domestic players. There is a renewed focus on cleaning Ganga and the National Mission for Cleaning Ganga ("NMCG") is an initiative in collaboration with the state authorities to set up sewage treatment plants. Central Government grants made through AMRUT and Smart Cities have created investment avenues in Waste Water Treatment and Water Desalination. Projects by Urban Utilities and Ganga River Basis Management Plan

("GRBMP") are also creating opportunities in the PPP space. Projects under NMCG (HAM), SMART Cities mission and various Industrial STP / Zero Liquid Discharge ("ZLD") / desalination projects under Build Own Operate Transfer ("BOOT") / Design Build Finance Operate Transfer ("DBFOT") / Design Build Operate ("DBO") models provide an overall estimated opportunity exceeding Rs. 400 billion (around USD 6.2 billion) over next 4 years.

Railways

The Indian Railways is expected to have a prospective investment of Rs. 8.5 trillion (USD 130.76 billion) in the next 5 years. Development of 3 new arms of dedicated freight corridors ("DFC") alone will require upwards of Rs. 3.3 trillion (USD 50.98 billion). To develop a network of freight terminals, the Policy of Private Freight Terminals based on PPP models is being further refined. PPP Model is also envisaged to be used in Railways Logistics, Development of Passenger Amenities and Port connectivity.

B. <u>THREATS</u>

The exponential growth in the past and immense potential in the future for certain segments of Infrastructure sector, especially the renewable sector, had elicited response from various financial institutions all over the country. Many of the large scale institutions are going aggressive in the sector by sanctioning high exposure at diluted commercial terms. This may encourage developers to bid aggressively for projects thereby jeopardizing orderly growth of the renewable sector.

Secondly, in the long run, capacity addition in renewable sector can continue in orderly fashion only if the state utilities build matching infrastructure required for evacuation of power. In this is not done, the renewable story may derail.

Thirdly, in order to attract serious long term players, it is important that financial health of state utilities improve significantly as envisaged under the UDAY scheme. Significant delays in payment by state utilities could dissuade large players from entering the renewable segment in big way.

In other infrastructure sectors like roads, power transmission, etc., while the project implementation framework had improved significantly over the last few years, the concern is that the key players in the sector are either over leveraged or too small to undertake large number of projects. Inability to tie up equity capital at the right time, may hamper the project implementation ability of these players.

3. SEGMENT WISE OR PRODUCT WISE PERFORMANCE OF THE COMPANY

Please refer to para 6 of the Directors' Report.

4. RISK AND CONCERNS

Cleantech financing is exposed to specific risks inherent to the industry, chief among which are project implementation risk, off-taker risk and resource estimation risks.

To mitigate risks that revolve around project implementation, strict due diligence of the project parent and project group needs to be carried out. All project related documents and approvals need to be scrutinized to ensure that project viability is not hampered due to poor financial record of the borrower and sponsor, absence of key approvals and land related records. Lenders also need to carry out preliminary assessments of other stakeholders involved in the project including but not limited to legal counsels, insurance advisors, EPC contractors and independent engineers.

With third party and group captive power purchase agreements on the rise, the stress on state DISCOMs is gradually decreasing. However, a huge chunk of the power produced by independent power producers is still being off-taken by State DISCOMs. The risks around off-take needs to be minimized and lenders and financial institutions need to minimize their exposure to specific off-takers that are highly leveraged and assume huge risks. Lenders and other financial institutions involved in the Renewable Energy need to be especially wary about resource estimation particularly in the case of Wind energy as generation estimates are often inaccurate and unpredictable. Wind resource assessment studies need to be carried out by reputed consultants and various scenarios need to be built into the base case projections. Generation estimates need to be sensitized to various levels to ensure that cash flows are able to service the debt obligations.

While the renewable energy sector is not plagued with risks associated with fuel sourcing, the trends of which can be highly erratic, the excessive reliance on imported solar panels and balance of system products exposes the renewable energy sector to regulatory and trade risks. In recent times, there have been executional delays in solar projects due to modules worth more than USD 150 million being stuck at Indian ports due to disputes around their classification and import taxes applicable on them.

With tariffs quoted as low as Rs. 2.44/Kwh for solar power in May 2017, many state distribution companies are adopting measures such as grid curtailment and payment delays to compel renewable energy developers to offer discounts for the Power purchase agreements.

The key risks for transmission projects mainly revolve around routine regulatory requirements and approvals required to be obtained from the central electricity regulatory corporation and the relevant state authorities. Difficulties in obtaining right of way approvals is another impediment for transmission projects. These risks can be brought to a bare minimum by systematically appraising promoter groups that have a record of demonstrating capabilities in quick turnaround in various clearances required at the central and state level.

For road projects, the key risks include obtaining right of way approvals and delayed execution risk. HAM are aimed at significantly mitigating risks related to various approvals, land acquisition and payment.

Water sector has seen introduction of HAM model but payment security mechanisms and quality of project execution and operations are yet to be tested. Railways are yet to begin large scale launch of PPP Projects.

5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Please refer to para 3 of the Directors' Report.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Please refer to para 10 of the Directors' Report.

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

Please refer to para 13 of the Directors' Report.

Independent Auditor's 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 31 March 2018, the Statement of Profit and Loss, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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.

We conducted our audit of these 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.

Auditor's Responsibility *(Continued)*

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 are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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 31 March 2018 and its profit and its cash flows for the year ended on that date.

Other matter

The comparative financial information of the Company for the year ended 31 March 2017 as included in these financial statements have been audited by the predecessor auditor who had audited the financial statements for the year ended 31 March 2017. The report of the predecessor auditor on the comparative financial information dated 26 April 2017 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 (the 'Order'), issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the said Order**.**

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;

Report on Other Legal and Regulatory Requirements ***(Continued)***

(d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;

(e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in ‘Annexure B’; and

(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 Auditor) 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 its financial position;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 40 to the financial statements;

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
25 April 2018

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

(i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a program of verification to cover all the items of fixed assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all the fixed assets were physically verified by management as at 31 March 2017. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c. According the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable property included in fixed asset is held in the name of the Company.

(ii) The Company is in the business of providing finance and advisory services and does not have any inventories. Accordingly, the provision of clause 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, 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 Companies Act, 2013 (the 'Act'). Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 and 186 of the Act. Accordingly, the provision of clause 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder apply. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.

(vii) a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess, goods and service tax and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities, except for one month, where a day's delay in the deposit of provident fund with the relevant authority was noted. As explained to us the Company did not have any dues on account of goods and service tax, sales tax, duty of customs, value added tax or duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, cess, goods and service tax, and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

Annexure A to the Independent Auditor's Report of even date on financial statements of Tata Cleantech Capital Limited *(Continued)*

b) According to the information and explanations given to us, the Company did not have any dues on account of income tax, sales tax, service tax, goods and service tax, duty of customs, value added tax or duty of excise or which have not been deposited on account of dispute.

(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 borrowing to financial institutions, banks, or debenture holders during the year. During the year, the Company did not have any loans or borrowing from the Government.

(ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provision of clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provision of clause 3(xii) of the Order is 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 certificate of registration dated 19 October 2012.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
25 April 2018

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

Report on the Internal Financial Controls 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 the Company as of 31 March 2018 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" (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' 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 and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 judgment, 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.

Annexure – B to the Independent Auditor’s Report of even date on the financial statements of Tata Cleantech Capital Limited *(Continued)*

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 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 31 March 2018, 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 ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm’s Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
25 April 2018

TATA CLEANTECH CAPITAL LIMITED

BALANCE SHEET AS AT MARCH 31, 2018

PARTICULARS	Note No.	As at March 31, 2018	As at March 31, 2017
		Rs. in lakh	Rs. in lakh
I. EQUITY AND LIABILITIES			
1 **Shareholders' funds**			
(a) Share capital	3	35,576	35,576
(b) Reserves and Surplus	4	31,435	23,531
		67,011	**59,107**
2 **Non - current liabilities**			
(a) Long-term borrowings	5	112,734	34,417
(b) Other long-term liabilities		-	-
(c) Long-term provisions	6	1,200	728
		113,934	**35,145**
3 **Current liabilities**			
(a) Short-term borrowings	7	87,416	83,639
(b) Trade payables	8		
(i) Total outstanding dues of micro enterprises and small enterprises	8a	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		283	335
(c) Other current liabilities	9	42,219	23,829
(d) Short-term provisions	10	122	78
		130,040	**107,881**
TOTAL		**310,985**	**202,133**
II. ASSETS			
1 **Non-current assets**			
(a) Property, plant and equipment	11		
(i) Tangible assets		275	282
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	12	38	34
(c) Deferred tax assets (net)	13	448	267
(d) Long-term loans and advances - financing activity	14	266,450	185,668
(e) Long-term loans and advances - others	15	556	147
(f) Other non-current assets	16	32	34
		267,799	**186,432**
2 **Current assets**			
(a) Current investments		-	-
(b) Trade receivables	17	23	7
(c) Cash and bank balances	18	711	1,434
(d) Short-term loans and advances - financing activity	14	42,347	14,217
(e) Short- term loans and advances - others	19	60	22
(f) Other current assets	20	45	21
		43,186	**15,701**
TOTAL		**310,985**	**202,133**
See accompanying notes forming part of the financial statements	1-45		

In terms of our report attached

For and on behalf of the Board of Directors

For **B S R & Co LLP**
Chartered Accountants
Firms Registration No- 101248W/W-100022

Vittaldas Leeladhar
(Chairman)
DIN: 02630276

Rajiv Sabharwal
(Director)
DIN: 00057333

Pradeep C. Bandivadekar
(Director)
DIN: 00059330

Padmini Khare Kaicker
(Director)
DIN: 00296388

Manoj Kumar Vijai
Partner
Membership No : 046882

Manish Chourasia
(Managing Director)
DIN: 03547985

Behzad Bhesania
(Chief Financial Officer)

Place : Mumbai
Date: April 25, 2018

Shivangi Rajpopat
(Company Secretary)

TATA CLEANTECH CAPITAL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

	PARTICULARS	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
			Rs. in lakh	Rs. in lakh
I	Revenue from operations	21	27,332	17,897
II	Investment income	22	8	-
III	Other income	23	224	140
IV	**Total Revenue (I+II+III)**		**27,564**	**18,037**
V	**Expenses**			
	Finance costs	24	13,232	9,099
	Employee benefit expenses	25	1,623	1,324
	Other operating expenses	26	1,401	1,195
	Depreciation and amortisation	11	24	24
	Amortisation of expenses (Refer note 38)	20(a)	40	23
	Total expenses		**16,320**	**11,665**
VI	**Profit before tax (IV-V)**		**11,244**	**6,372**
VII	**Tax expense**			
	(i) Current tax		3,521	1,946
	(ii) Deferred tax		(181)	(140)
	Total tax expense		**3,340**	**1,806**
VIII	**Profit after tax (VI-VII)**		**7,904**	**4,566**
IX	**Earnings per equity share:**			
	(i) Basic (in Rupees)		2.22	1.58
	(ii) Diluted (in Rupees)		2.22	1.58
	Face value per share (in Rupees)		10	10
	See accompanying notes forming part of the financial statements	1-45		

In terms of our report attached

For and on behalf of the Board of Directors

For B S R & Co LLP
Chartered Accountants
Firms Registration No- 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No : 046882

Vittaldas Leeladhar
(Chairman)
DIN: 02630276

Rajiv Sabharwal
(Director)
DIN: 00057333

Pradeep C. Bandivadekar
(Director)
DIN: 00059330

Padmini Khare Kaicker
(Director)
DIN: 00296388

Manish Chourasia
(Managing Director)
DIN: 03547985

Behzad Bhesania
(Chief Financial Officer)

Place : Mumbai
Date: April 25, 2018

Shivangi Rajpopat
(Company Secretary)

TATA CLEANTECH CAPITAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

PARTICULARS	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
		Rs. in lakh	Rs. in lakh
1 CASH FLOW USED IN OPERATING ACTIVITIES			
Profit before tax		11,244	6,372
Adjustments for :			
Amortisation of share/debenture issue expenses/loan processing expenses		40	23
Interest expenses		10,926	7,232
Discounting charges on commercial paper		2,306	1,867
Interest income		(25,197)	(16,506)
Profit on sale of investment		(8)	-
Contingent provision against standard assets		532	381
Provision for employee benefits		(25)	13
Depreciation and amortisation		24	24
Operating Profit before working capital changes and adjustments for interest received, interest paid and dividend received		(158)	(594)
Adjustments for:			
Increase in current liabilities and provisions		185	204
Increase in loans and advances - financing activity		(108,946)	(77,471)
Increase in trade receivables		(16)	(7)
Increase in Loans and advances - others		(364)	(21)
Cash used in operations before adjustments for interest received, interest paid and dividend received		(109,299)	(77,889)
Interest paid		(11,423)	(8,497)
Interest received		25,230	16,345
Cash used in operations		(95,492)	(70,041)
Taxes paid		(3,629)	(1,967)
NET CASH USED IN OPERATING ACTIVITIES		**(99,121)**	**(72,008)**
2 CASH FLOW USED IN INVESTING ACTIVITIES			
Purchase of fixed assets (including capital advances)		(17)	(12)
Proceed from sale of fixed assets		1	4
Purchase of mutual fund units		(38,164)	(34)
Proceed from sale of mutual fund units		38,168	-
NET CASH USED IN INVESTING ACTIVITIES		**(12)**	**(42)**
3 CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity share capital		-	20,000
Debenture issue expenses		(58)	(40)
Proceeds from long-term borrowings		235,330	8,000
Repayment of long-term borrowings		(140,520)	(6,111)
Proceeds from short-term borrowings with maturity period greater than three months		78,047	57,026
Repayment of short-term borrowings with maturity period greater than three months		(69,005)	(11,918)
Net proceeds from / (repayment of) short-term borrowings		(5,384)	6,184
NET CASH FROM FINANCING ACTIVITIES		**98,410**	**73,141**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(723)**	**1,091**
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		**1,434**	**343**
CASH & BANK BALANCE AS AT THE END OF THE YEAR (REFER NOTE 19)		**711**	**1,434**
See accompanying notes forming part of the financial statements	1-45		

In terms of our report attached

For and on behalf of Board of Directors

For **B S R & Co LLP**
Chartered Accountants
Firms Registration No- 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No : 046882

Vittaldas Leeladhar
(Chairman)
DIN: 02630276

Rajiv Sabharwal
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Padmini Khare Kaicker
(Director)
DIN: 00296388

Manish Chourasia
(Managing Director)
DIN: 03547985

Behzad Bhesania
(Chief Financial Officer)

Place : Mumbai
Date: April 25, 2018

Shivangi Rajpopat
(Company Secretary)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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, 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 requires 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. 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

Interest income is recognised on time proportion basis taking into account the amount outstanding and the interest rate applicable, 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 are primarily towards documentation charges. Such fees are accounted as income when the amount becomes due provided recovery thereof is not uncertain.

b. Income from Non - current and Current 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.

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.

iv. **Provisions for Standard/Non-Performing Assets and Doubtful Debts (including Credit Substitutes)**

The Company provides an allowance for loan receivables and debentures / bonds in the nature of advances based on the prudential norms issued by the RBI relating to income recognition, asset classification and provisioning for non-performing assets.
A loan is recognised as non-performing ("NPA") at the earlier of the date it has been individually provided for when the Company is no longer reasonably assured of the timely collection of the full amount of principal and interest or where the repayment of installment or interest has been in arrears for 90 days.

In addition, the Company provides for Restructured Assets including (Standard Assets) as required by the directions issued by the RBI from time to time.

v. **Investments**

Investments are classified into non-current and current investments.

a. **Non-current investments**

Non-current investments are investments intended to be held for a period of more than a year. Non-current investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

b. **Current investments**

Current investments are investments intended to be held for a period of less than a year. Current investments are stated at the lower of cost and market value, determined on an individual investment basis.

vi. **Property, plant and equipment**

Tangible:

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

vii. **Depreciation**

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

Depreciation on tangible property, plant and equipment 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, where 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.

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**	**As per Schedule II**
Buildings	25 years	60 years
Furniture and Fixtures	10 years	10 years
Office Equipment	5 years	5 years
Computer Equipment	4 years	3 years
Vehicles	4 years	6 years

viii. **Borrowing Cost**

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

ix. **Loan Sourcing costs**

Sourcing cost is charged to the Statement of Profit and Loss in the year in which it is incurred.

ix. Share issue expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

x. Employee Benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences and long term 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 of which Company's contribution of 12% is recognised as an expense in the Statement of Profit and Loss in the year in which they occur. These contributions to Provident fund are administered by the Regional Provident Fund Commissioner.

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

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. 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 obligations at the balance sheet date less the fair value of the plan assets out of which the obligation 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.

xi. 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.

xii. Taxation

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 provisions of the Income Tax Act, 1961 and 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 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 of 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 the 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 and Loss

xiii. Goods and Service Tax Input Credit

Goods & Service tax input credit is accounted for in the books in the year in which the underlying goods or service are received and paid and there is reasonable certainty in availing / utilizing the credits

xiv. 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.

xv. 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.

xvi. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before 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.

xvii. 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.

3 SHARE CAPITAL

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
AUTHORISED		
500,000,000 (as at March 31, 2017 : 500,000,000 shares) Equity shares of Rs.10 each	50,000	50,000
	50,000	50,000
ISSUED, SUBSCRIBED & PAID UP		
355,757,575 (as at March 31, 2017 : 355,757,575 shares) Equity shares of Rs.10 each fully paid up	35,576	35,576
TOTAL	**35,576**	**35,576**

3 (a) Reconciliation of number of shares outstanding

PARTICULARS	No. of Shares	Rs. in lakh
Opening Equity Share Capital as on April 01, 2016	**289,090,909**	**28,909**
Additions during the year		
Rights issue	66,666,666	6,667
Closing Equity Share Capital as on March 31, 2017	**355,757,575**	**35,576**
Additions during the year	-	-
Closing Equity Share Capital as on March 31, 2018		
Equity Face Value Rs.10 fully paid up	**355,757,575**	**35,576**

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

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

During the year, the Company has issued Nil Equity Shares (Previous year : 66,666,666 Equity Shares of Rs.10 each, at a premium of Rs.20 per equity share).

3 (c) Investment by Tata Capital Limited (Holding Company) and International Finance Corporation

Name of Company	Particulars of Issue	No. of Equity shares	Rs. in lakh
Tata Capital Limited	Opening Balance as on April 1, 2016	232,718,182	23,272
	Right issue during the FY 2016-17	53,666,666	5,367
	Closing Balance as on March 31, 2017	286,384,848	28,639
	Closing Balance as on March 31, 2018	286,384,848	28,639
International Finance Corporation	Opening Balance as on April 1, 2016	56,372,727	5,637
	Right issue during the FY 2016-17	13,000,000	1,300
	Closing Balance as on March 31, 2017	69,372,727	6,937
	Closing Balance as on March 31, 2018	69,372,727	6,937

3 (d) List of Shareholders holding more than 5% Equity shares

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Tata Capital Limited (Including shares held jointly with nominees)	286,384,848	80.50%	286,384,848	80.50%
International Finance Corporation	69,372,727	19.50%	69,372,727	19.50%

4 RESERVES AND SURPLUS

PARTICULARS		As at March 31, 2018	As at March 31, 2017
		Rs. in lakh	**Rs. in lakh**
(a)	**Securities Premium Account**		
	Opening balance	15,265	2,091
	Add: Premium on issue of equity shares	-	13,333
	Less: Share issue expenses written-off (Refer note 38)	-	(159)
	Closing balance	**15,265**	**15,265**
(b)	**Special Reserve Account u/s 45-IC of Reserve Bank of India Act, 1934**		
	Opening balance	1,654	741
	Add: Transfer from Surplus in the Statement of Profit and Loss (Refer note 4.1 below)	1,581	913
	Closing balance	**3,235**	**1,654**
(c)	**Special Reserve Account u/s 36(1)(viii) of Income tax Act, 1961**		
	Opening balance	1,930	750
	Add: Transfer from Surplus in the Statement of Profit and Loss (Refer note 4.2 below)	1,661	1,180
	Closing balance	**3,591**	**1,930**
(d)	**Surplus in Statement of Profit and Loss**		
	Opening balance	4,682	2,209
	Add: Profit for the year	7,904	4,566
	Amount available for appropriations	12,586	6,775
	Less: Appropriations		
	- Transfer to reserve u/s. 45-IC of Reserve Bank of India Act,1934 (Refer note 4.1 below)	1,581	913
	- Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961 (Refer note 4.2 below)	1,661	1,180
	Closing Balance	**9,344**	**4,682**
TOTAL		**31,435**	**23,531**

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

4.1. Rs.1,581 lakh (Previous Year: Rs. 913 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

4.2 Rs. 1,661 lakh (Previous Year: Rs.1,180 lakh) to Special Reserve as prescribed under section 36(1)(viii) of Income Tax Act, 1961.

5 LONG-TERM BORROWINGS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Debentures		
Secured		
Privately Placed Non-Convertible Debentures (Refer note 5.1 & 5.4 below)	53,276	26,000
(b) Term loans		
Secured		
From Banks (Refer note 5.2 & 5.3 below)	29,458	8,417
From Others (Refer note 5.2 & 5.3 below)	30,000	-
TOTAL	**112,734**	**34,417**

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

5.3 **Terms of repayment of term loans and rate of interest:**
As per terms of agreements loan from banks and others classified under long term borrowing and current liabilities aggregating Rs. 65,167 lakh (Previous Year: Rs. 10,834 lakh) are repayable at maturity ranging between 15 and 60 months from the date of respective loan. Rate of interest payable on said loans varies between 7.85% to 8.35% (Previous Year 8.15 % to 9.70%)

5.4 No default has been made in repayment of borrowings and interest for the year ended March 31, 2018

5.5 Particulars of Privately Placed Secured Non-Convertible Debentures ("NCDs") outstanding as on March 31, 2018

Description of NCDs	Issue Date	Redemption Date	As at March 31, 2018		As at March 31, 2017	
			Number of NCDs	Rs. in lakh	Number of NCDs	Rs. in lakh
TCCL NCD 'C' FY 2017-18	02-Jun-17	03-Jun-24	100	1,000	-	-
TCCL NCD 'B' FY 2016-17	17-Oct-16	15-Oct-21	150	1,500	150	1,500
TCCL NCD 'F' FY 2015-16	19-Oct-15	19-Oct-20	200	2,000	200	2,000
TCCL NCD 'E' FY 2015-16	04-Sep-15	04-Sep-20	200	2,000	200	2,000
TCCL NCD 'F' FY 2017-18	28-Jul-17	03-Aug-20	2,000	20,000	-	-
TCCL NCD 'C' FY 2015-16	20-Jul-15	20-Jul-20	200	2,000	200	2,000
TCCL NCD 'D' FY 2017-18	07-Jun-17	05-Jun-20	250	2,500	-	-
TCCL NCD 'A' FY 2017-18	15-May-17	15-May-20	200	2,000	-	-
TCCL NCD 'B' FY 2017-18	17-May-17	15-May-20	500	5,000	-	-
TCCL NCD 'G' FY 2017-18	08-Aug-17	08-Aug-19	500	5,000	-	-
TCCL NCD 'G' FY 2017-18	11-Sep-17	08-Aug-19	277	2,776	-	-
TCCL NCD 'E' FY 2017-18	26-Jul-17	26-Jul-19	500	5,000	-	-
TCCL NCD 'A' FY 2016-17	14-Jun-16	14-Jun-19	250	2,500	250	2,500
TCCL NCD 'H' FY 2017-18	09-Nov-17	20-Mar-19	1,350	13,500	-	-
TCCL NCD 'D' FY 2015-16 Option II	03-Aug-15	03-Aug-18	500	5,000	500	5,000
TCCL NCD 'B' FY 2015-16 Option II	20-May-15	18-May-18	600	6,000	600	6,000
TCCL NCD 'A' FY 2015-16	22-Apr-15	20-Apr-18	500	5,000	500	5,000
TCCL NCD 'G' FY 2015-16	06-Nov-15	06-Nov-17	-	-	250	2,500
TCCL NCD 'D' FY 2015-16 Option I	03-Aug-15	03-Aug-17	-	-	500	5,000
TCCL NCD 'B' FY 2015-16 Option I	20-May-15	17-May-17	-	-	900	9,000
TOTAL				**82,776**		**42,500**
Of which current maturities classified under "Current liabilities" in Note 9				**29,500**		**16,500**
TOTAL				**53,276**		**26,000**

Note : Coupon rate of "NCDs" outstanding as on March 31, 2018 varies from 7.61% to 9.15% (Previous Year : 8.10% to 9.15%)

6 LONG-TERM PROVISIONS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Provision for employee benefits	35	30
(b) Contingent provision against standard assets (Refer note 33)	1,165	698
TOTAL	**1,200**	**728**

7 SHORT-TERM BORROWINGS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Loans repayable on demand		
Secured		
(a) Bank Overdraft (Refer note 5.2 above)	9,998	23,139
(b) Working capital demand loan (Refer note 5.2 above)	12,400	-
Unsecured		
Working capital demand loan	5,000	-
(b) Other Loans and Advances		
Secured		
Term loans from Banks (Refer note 5.2 & 5.3 above)	10,000	4,000
Term loans from Others	10,000	20,000
Unsecured		
(a) Commercial paper (Refer note 7.1 below) [Net of unamortised discount of Rs. 982 lakh (as at March 31, 2017 : Rs. 727 lakh)]	35,518	31,773
(b) Inter-corporate deposit (Refer note 7.2 below)		
- From others	4,500	2,000
- From related parties	-	2,727
TOTAL	**87,416**	**83,639**

7.1. Discount on commercial paper varies between 7.31% to 8.24% (Previous Year: 6.87% to 8.35%)

7.2. Interest rate of Inter-corporate Deposits ("ICDs") outstanding as on March 31, 2018 varies from 7.10% to 7.90% (Previous Year: 7.65% to 8.61%)

7.3. No default has been made in repayment of borrowings and interest for the year ended March 31, 2018

8 TRADE PAYABLES

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Accrued expenses	278	317
(b) Payable to related parties	-	16
(c) Others	5	2
TOTAL	**283**	**335**

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 :

(a) Total outstanding dues of micro enterprises and small enterprises

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Amounts outstanding but not due as at year end	-	-
(b) Amounts due but unpaid as at year end	-	-
(c) Amounts paid after appointed date during the year	-	-
(d) Amount of interest accrued and unpaid as at year end	-	-
(e) The amount of further interest due and payable even in the succeeding year	-	-
Total	-	-

9 OTHER CURRENT LIABILITIES

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Current maturities of long-term debt		
Secured		
Term loan from bank (Refer note 5.2 & 5.3 above)	5,708	2,417
Privately Placed Non-Convertible Debentures (Refer note 5.1 & 5.4 above)	29,500	16,500
Unsecured		
Inter-corporate Deposit (Refer note 7.2 above)	1,700	1,500
(b) Interest accrued but not due on borrowings	4,750	3,059
(c) Other Payables		
Accrued employee benefit expense	443	293
Statutory dues	118	60
TOTAL	**42,219**	**23,829**

10 SHORT-TERM PROVISIONS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Provision for employee benefits	7	5
(b) Provision - Others		
(i) Provision for tax [Net of advance tax Rs. Nil (As at March 31, 2017 Rs.1,920 lakh)]	-	23
(ii) Contingent provision against Standard Assets (Refer note 33)	115	50
TOTAL	**122**	**78**

TATA CLEANTECH CAPITAL LIMITED

11. PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block				Accumulated depreciation				Net Carrying Value
	Opening balance as at April 1, 2017	Additions / Adjustments	Deletions	Closing balance as at March 31, 2018	Opening balance as at April 1, 2017	Depreciation / Amortisation for the year	Deletions / Adjustments	Closing balance as at March 31, 2018	As at March 31, 2018
TANGIBLE ASSETS									
Buildings	279	-	-	279	22	11	-	33	246
	279	-	-	*279*	*10*	*12*	-	*22*	*257*
Vehicles	52	15	16	51	29	12	15	26	25
	52	*10*	*10*	*52*	*23*	*12*	6	*29*	*23*
Furniture and Fixture *	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Computer Equipment	1	2	-	3	-	1	-	1	2
	-	*1*	-	*1*	-	-	-	-	*1*
Office Equipment*	1	1	-	2	-	-	-	-	2
	-	*1*	-	*1*	-	-	-	-	*1*
Total	**333**	**18**	**16**	**335**	**51**	**24**	**15**	**60**	**275**
Previous financial year	***331***	***12***	***10***	***333***	***33***	***24***	***6***	***51***	***282***

Previous year figures are given in Italics
(* Amount less than Rs. 50,000/-)

12 NON-CURRENT INVESTMENTS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
Non-current investments		
Investment in Mutual Fund (Unquoted)		
- Tata Money Market Fund (in lieu of leave encashment)	38	34
TOTAL	**38**	**34**

13 DEFERRED TAX ASSET

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
Deferred tax asset (net)	448	267
TOTAL	**448**	**267**

The components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
Deferred Tax Assets on :-		
(a) Contingent provision for standard assets	443	259
(b) Disallowance u/s 43(B)	14	12
(c) Depreciation on fixed assets	5	3
	462	**274**
Deferred Tax Liabilities:-		
(a) Debenture issue expenses	(14)	(7)
	(14)	**(7)**
Net Deferred Tax Assets	**448**	**267**

14 LOANS AND ADVANCES - FINANCING ACTIVITY

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
NON-CURRENT		
(a) Secured Loans		
(i) Considered good	257,988	177,295
(ii) Considered doubtful	-	-
	257,988	177,295
(b) Secured Credit Substitutes		
(i) Considered good (Refer note 14.1 below)	8,462	8,373
(ii) Considered doubtful	-	-
	8,462	8,373
TOTAL	**266,450**	**185,668**
CURRENT		
(a) Secured Loans		
(i) Considered good	42,252	13,108
(ii) Considered doubtful	-	-
	42,252	13,108
(b) Secured Credit Substitutes		
(i) Considered good (Refer note 14.1 below)	95	139
(ii) Considered doubtful	-	-
	95	139
(c) Unsecured Loans		
(i) Considered good	-	970
(ii) Considered doubtful	-	-
	-	970
TOTAL	**42,347**	**14,217**
TOTAL	**308,797**	**199,885**

14.1 Scrip-wise details of Credit Substitutes:

PARTICULARS	Face value Per Unit Rs	As at March 31, 2018			As at March 31, 2017		
		No. of Units	Non-Current	Current	No. of Units	Non- Current	Current
Secured Quoted :							
Investment in Debentures (Trade)							
11.5% Zuka Power Private Limited (Inclusive of accrued interest)	100,000	8,500	8,462	95	8,500	8,373	139
Total	**100,000**	**8,500**	**8,462**	**95**	**8,500**	**8,373**	**139**

15 LONG-TERM LOANS AND ADVANCES - OTHERS (UNSECURED - CONSIDERED GOOD)

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Advance tax [Net of provision for tax Rs 7,081 lakh (As at 31 March 31, 2017 Rs. 1,617 lakh)]	231	146
(b) Security Deposits	325	1
TOTAL	**556**	**147**

16 OTHER NON-CURRENT ASSETS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Deferred revenue expenditure (to the extent not written off or adjusted) (Refer note 20 (a) below)	16	14
(b) Gratuity assets (Net)	16	20
TOTAL	**32**	**34**

17 TRADE RECEIVABLES

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Over six months (from the date due for payment)		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	-	-
(iii) Doubtful	-	-
	-	-
Less: Provision for trade receivables	-	-
	-	-
(b) Others		
(i) Secured, considered good	-	-
(ii) Unsecured, considered good	23	7
(iii) Doubtful	-	-
	23	**7**
Less: Provision for trade receivables	-	-
	23	**7**
TOTAL	**23**	**7**

18 CASH AND BANK BALANCES

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Cash on Hand	-	-
(b) Cheques on Hand	-	-
(c) Balances with banks		
- in current accounts	711	1,434
TOTAL	**711**	**1,434**

18.1. Of the above, the balance that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statement is Rs. 711 lakh (As at March 31, 2017 : Rs.1,434 lakh).

18.2. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

18.3. The details of the Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 are as below (as per MCA Notification G.S.R. 307 (E) dated 30th March 2017 :

PARTICULARS	SBNs	Other Denomination Notes	Other Denomination Notes
Opening Cash in hand as on 08/11/2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amounts deposited in Banks (deposited before 11/11/2016)	-	-	-
Closing cash in hand as on 30/12/2016	-	-	-

19 SHORT-TERM LOANS AND ADVANCES-OTHERS (UNSECURED - CONSIDERED GOOD)

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Balances with government authorities	22	4
(b) Prepaid expenses	14	18
(c) Loans to employees	24	-
TOTAL	**60**	**22**

20 OTHER CURRENT ASSETS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Deferred revenue expenditure (to the extent not written off or adjusted) (Refer note 20 (a) below)	34	17
(b) Other receivables from related parties	11	4
TOTAL	**45**	**21**

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

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Unamortised share issue expenses		
Opening balance	-	139
Add: expenses incurred during the year	-	-
Less: share issue expenses written-off through Securities Premium Account (Refer note 38)	-	(139)
Less: written off during the year through Statement of Profit and Loss	-	-
Closing balance	**-**	**-**
(b) Unamortised debenture issue expenses		
Opening balance	28	31
Add: expenses incurred during the year	22	17
Less: written off during the year	20	20
Closing balance	**30**	**28**
(c) Unamortised loan processing expenses		
Opening balance	3	3
Add: expenses incurred during the year	37	3
Less: written off during the year	20	3
Closing balance	**20**	**3**
TOTAL	**50**	**31**

PARTICULARS	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current	Non-Current	Non-Current
	Rs. in lakh	Rs. in lakh	Rs. in lakh	Rs. in lakh
(a) Unamortised debenture issue expenses	5	25	12	16
(b) Unamortised loan processing expenses	11	9	2	1
Total	16	34	14	17
Grand Total		**50**		**31**

21 REVENUE FROM OPERATIONS

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Interest Income		
(i) From secured loans and credit substitutes	25,128	16,447
(ii) From unsecured loans	2	-
(b) Income from bill discounting	67	59
(c) Others	2,135	1,391
TOTAL	**27,332**	**17,897**

22 INVESTMENT INCOME

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rs. in lakh	Rs. in lakh
Profit on sale of Current Investments	8	-
TOTAL	**8**	**-**

23 OTHER INCOME

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Advisory income	202	126
(b) Miscellaneous Income	22	14
TOTAL	**224**	**140**

24 FINANCE COST

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rs. in lakh	Rs. in lakh
(a) Interest expense	10,926	7,232
(b) Discounting charges - on commercial paper	2,306	1,867
TOTAL	**13,232**	**9,099**

25 EMPLOYEE BENEFIT EXPENSES

PARTICULARS		For the year ended March 31, 2018	For the year ended March 31, 2017
		Rs. in lakh	Rs. in lakh
(a)	Salaries, wages and bonus	1,513	1,231
(b)	Contribution to provident and other funds (Refer note 29)	98	67
(c)	Staff welfare expenses	12	26
TOTAL		**1,623**	**1,324**

26 OTHER OPERATING EXPENSES

PARTICULARS		For the year ended March 31, 2018	For the year ended March 31, 2017
		Rs. in lakh	Rs. in lakh
(a)	Advertisements and publicity	10	5
(b)	Brand equity and business promotion	75	52
(c)	Audit fees [Refer note 26 (a)]	14	11
(d)	Contingent provision against standard assets (Refer note 33)	532	381
(e)	Corporate social responsibility expenses [Refer note 26 (c)]	80	38
(f)	Directors sitting fees	40	9
(g)	Insurance charges	19	11
(h)	Information technology expenses	148	283
(i)	Legal and professional fees	89	47
(j)	Loan processing fees	1	1
(k)	Repairs and maintenance	2	2
(l)	Rent	174	192
(m)	Rates and taxes *	1	-
(n)	Stamp charges	26	21
(o)	Service provider charges	33	17
(p)	Telephone, telex and leased line	4	11
(q)	Travelling and conveyance	94	63
(r)	Training and recruitment	6	16
(s)	Membership and subscription charges	16	11
(t)	Security trustee fees	21	2
(u)	Other expenses	16	23
TOTAL		**1,401**	**1,195**

(*Amount less than 50,000/-)

26 (a) Auditors' Remuneration (excluding taxes)

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rs. in lakh	Rs. in lakh
Audit fees	11	9
Tax audit fees	1	1
Other services	2	1
Out of pocket expenses*	0	-
TOTAL	14	11

(*Amount less than 50,000/-)

26 (b) Expenditure in Foreign Currency

PARTICULARS	For the year ended March 31, 2018	For the year ended March 31, 2017
	Rs. in lakh	**Rs. in lakh**
Directors sitting fees	2	1
Professional fees	27	2
TOTAL	**29**	**3**

26 (c) Corporate social responsibility expenses

(i) Gross amount required to be spent by the company during the year was Rs.80 lakh (Previous year Rs.38 lakh)

(ii) Amount spent during the year on:

PARTICULARS	Paid	Yet to be paid	Total
	Rs. in lakh	**Rs. in lakh**	**Rs. in lakh**
Construction/acquisition of any asset	-	-	-
On purposes other than above	80	-	80
TOTAL	80	-	80

27 Contingent Liabilities and Commitments:

a) Contingent liabilities Rs. Nil (Previous year Rs. Nil).

b) Commitments :-

- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.4 lakh (as at March 31, 2017: Rs. Nil).
- Letter of Comfort Rs. 20,972 lakh (as at March 31, 2017: Rs. 41,225 lakh)

28 Employee Stock Purchase/Option Scheme

Employees of the Company may be entitled to Stock Purchase / Stock Options Scheme offered by Tata Capital Limited.

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 administered by the Regional Provident Fund Commissioner. 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 Rs.44 lakh (previous year: Rs.36 lakh) for provident fund and family pension fund contribution and Rs. 11 lakh (Previous year Rs. 3 lakh) for Superannuation contribution, in Statement the 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 25 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

Particulars	**2017-18**	**2016-17**
	Rs. in lakh	**Rs. in lakh**
Change in Defined Benefit Obligation		
Opening defined benefit obligation	98	67
Current service cost	20	12
Interest cost	6	5
Acquisition cost / (credit)	5	11
Actuarial losses / (gain)	25	22
Benefits paid	(39)	(18)
Closing defined benefit obligation	115	98
Change in the Fair Value of Assets		
Opening fair value of plan assets	119	83
Acquisition adjustment	5	11
Expected return on plan assets	10	7
Contributions by employer	-	13
Actuarial gains / (losses)	(2)	4
Benefits paid	-	-
Closing fair value of plan assets	131	119
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	131	119
Present value of the defined obligations at the end of the year	115	98
Funded status [surplus / (deficit)]	16	21
Net Asset / (Liability) recognised in the Balance Sheet	16	21
Net Gratuity cost for the year ended March 31, 2018		
Service cost	20	12
Interest on defined benefit obligation	6	5
Expected return on plan assets	(10)	(7)
Net actuarial loss recognised in the year	27	18
Net Gratuity Cost as included in Employee Benefit Expenses [Refer Note 25 (b)]	43	28
Actual Contribution and benefit payments for the year		
Actual benefit payments	(39)	(18)
Actual Contribution	-	13

Categorization of plan assets is as follows

Investment Pattern	2017-18	2016-17
Government Bonds	44%	33%
Equity mutual funds	12%	16%
Bonds/ Debentures	43%	41%
Others (including assets under Schemes of Insurance)	1%	10%
Total	100%	100%
Assumptions		
Discount rate	7.70%	7.50%
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 6% thereafter.	7.50% p.a for first 5 years and 6% 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%

Experience History	2017-18	2016-17	2015-16	2014-15	2013-14
	Rs. in lakh	Rs. in lakh	Rs. in lakh	Rs. in lakh	Rs. in lakh
Defined Benefit Obligation	(115)	(98)	(66)	(93)	(84)
Plan Assets	131	119	83	119	121
Funded Status	16	21	17	27	37
Experience Gain/ (Loss) Adjustment :					
- On Plan Liabilities	(27)	(6)	(1)	4	8
- On Plan Assets	(2)	4	(4)	1	27
Acturial Gain / (Loss) due to change in assumptions	2	(16)	2	(16)	15

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 Rs. Nil (Previous year Rs. 18 lakh) to the gratuity fund for the year 2018-19.

Long Term Service Awards :

Long Term Service awards are employee benefits in recognition for their loyalty and continuity of service for five years and above, the same is actuarially valued (Unfunded). The Long Term Service awards expense for financial year 2017-18 is Rs. 1 lakh (Previous year Rs. 1 lakh) and the provision as at March 31, 2018 is Rs. 4 lakh (Previous year Rs. 3 lakh).

30 Segment Reporting

The Company is engaged in the business of providing finance and advisory services to the infrastructure sector. There being only one material "business segment" and "geographical segment", the segment information is not provided.

31 Disclosure as required by Accounting Standard (AS) – 18 on "Related Party Disclosures" notified under Section 133 of the Companies Act 2013

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 (ceased to subsidiary w.e.f. October 30, 2017) Tata Capital Housing Finance Limited Tata Capital Forex Limited (ceased to subsidiary w.e.f. October 30, 2017) Tata Securities Limited
Subsidiaries of ultimate holding company (with which the company had transactions)	Niskalp Infrastructure Services Limited Tata Consultancy Services Limited Tata Consulting Engineers Limited Tata AIG General Insurance Company Limited Tata AIA Life Insurance Company Limited Tata Teleservices (Maharashtra) Limited Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited) (ceased to subsidiary w.e.f. November 17, 2017)
Investor exercising significant influence	International Financial Corporation
Key Management Personnel	Mr. Manish Chourasia (Managing Director)

ii. Transactions with related parties :

(Rs. in lakh)

Sr. No.	Party Name	Nature of transaction	2017-18	2016-17
1	Tata Sons Limited	a) Expenses :		
		- Brand Equity and Business Promotion	75	52
		- Training Expenses	4	-
		b) Liability:		
		- Balance payable	75	52
2	Tata Capital Limited	a) Expenses :		
		- Interest expenses on Inter Corporate Deposit	744	1,567
		- Reimbursement of expenses	14	1
		- Rent	26	-
		b) Equity Infusion		
		- Equity shares issued during the year	-	5,367
		- Share Premium received during the year	-	10,733
		c) Inter Corporate Deposit accepted / repaid during the year		
		- Inter Corporate Deposit accepted during the year	155,915	156,860
		- Inter Corporate Deposit repaid during the year	158,642	176,769
		d) Asset		
		- Security Deposit	324	-
		- Security Deposit given	1	1
		- Security Deposit repaid	1	1
		e) Liability:		
		- Balance payable	7	-
		- Inter Corporate Deposit payable	-	2,727
3	Tata Capital Financial Services Limited	a) Expenses:		
		- Reimbursement of expenses	4	18
		- Rent	148	194
		- Sourcing fee	-	11
		b) Income:		
		- Guest house recovery	21	13
		- Advisory fees	7	5
		s) Liability:		
		- Balance payable*	(0)	16
4	Tata Capital Housing Finance Limited	a) Expenses :		
		- Reimbursement of expenses*	0	0
		b) Income :		
		- Guest house recovery*	0	1
5	TC Travel and Services Limited	a) Expenses :		
		- Travel related expenses	27	22
6	Tata Capital Forex Limited	a) Expenses :		
		- Travel related expenses	3	1

Sr. No.	Party Name	Nature of transaction	2017-18	2016-17
7	Tata Securities Limited	a) Expenses :		
		- Professional fees expenses*	0	-
		- Guest house recovery*	-	0
8	Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)	a) Expenses :		
		- Service provider charges	9	18
9	Niskalp Infrastructure Services Limited	a) Income:		
		- Reimbursement of expenses	2	11
		b) Asset:		
		- Balance receivable	-	4
10	Tata AIG General Insurance Company Limited	a) Expenses :		
		- Insurance expenses*	0	0
		b) Asset:		
		- Balance receivable*	0	-
11	Tata AIA Life Insurance Company Limited	a) Expenses :		
		- Insurance expenses	1	1
		b) Asset:		
		- Balance receivable	2	-
12	Tata Consultancy Services Limited	a) Expenses :		
		- Information technology expenses	292	142
		b) Liability:		
		- Balance payable	176	72
13	Tata Consulting Engineers Limited	a) Expenses :		
		- Consultancy charges*	-	0
14	Tata Teleservices (Maharashtra) Limited	a) Expenses :		
		- Communication Expenses*	0	-
15	International Finance Corporation	a) Income:		
		- Advisory fees	43	57
		b) Expenses		
		- Director's nomination fees	2	1
16	Key Management Personnel	Remuneration:		
		- Mr. Manish Chourasia (Managing Director)	189	166

(* Amount less than Rs. 50,000/-)

32 Earnings per Share (EPS):

Particulars		2017-18	2016-17
Profit after tax for Basic EPS	(Rs. in lakh)	7,904	4,566
Weighted average number of Equity shares used in computing Basic EPS & Diluted EPS	Nos	355,757,575	289,638,854
Face value of equity shares	Rupees	10	10
Basic earnings per share	Rupees	2.22	1.58
Diluted earnings per share	Rupees	2.22	1.58

33 Movement in Contingent provision against Standard Assets during the year is as under:

(Rs. in lakh)

Particulars	2017-18	2016-17
Opening Balance	748	367
Additions during the year	532	381
Utilised during the year	-	-
Closing Balance	**1,280**	**748**

34 Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities (Based on RBI Guidelines)
For the year 2017-18

(Rs. in lakh)

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market Borrowings	Foreign Currency Borrowings	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	2,500	11,989	-	6,914	-	-
Over One month to 2 months	27,400	27,508	-	6,391	-	-
Over 2 months upto 3 months	5,333	-	-	8,549	-	-
Over 3 months to 6 months	965	7,368	-	23,294	-	-
Over 6 months to 1 year	14,401	31,610	-	74,299	-	-
Over 1 year to 3 years	26,333	80,776	-	57,138	38	-
Over 3 years to 5 years	3,125	1,500	-	41,191	-	-
Over 5 years	-	1,000	-	91,021	-	-
Total	**80,057**	**161,751**	**-**	**308,797**	**38**	**-**

Note : During the Financial Year 2017-18, the company has experienced significant prepayments hence ALM statement of March 2018 has been prepared assuming the prepayment of Rs.77,100 lakhs which is ~25% of the book size of Rs.308,797 lakhs as on the ALM date. Major portion of assumed prepayments have been considered in next one year.

For the year 2016-17

(Rs. in lakh)

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market Borrowings	Foreign Currency Borrowings	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	278	1,500	-	1,716	-	-
Over One month to 2 months	-	13,950	-	14,176	-	-
Over 2 months upto 3 months	-	24,924	-	28,063	-	-
Over 3 months to 6 months	4,277	26,899	-	7,148	-	-
Over 6 months to 1 year	25,001	7,227	-	6,500	-	-
Over 1 year to 3 years	8,417	18,500	-	29,830	34	-
Over 3 years to 5 years	-	7,500	-	22,393	-	-
Over 5 years	-	-	-	90,059	-	-
Total	**37,973**	**100,500**	**-**	**199,885**	**34**	**-**

Note : During the Financial Year 2016-17, the company has experienced significant prepayments hence ALM statement of March 2017 has been prepared assuming the prepayment of Rs.44,000 lakhs which is ~22% of the book size of 199,885 lakhs as on the ALM date. Major portion of assumed prepayments have been taken in the first quarter of the Financial Year.

35 Capital to Risk Asset Ratio (CRAR)

Particulars	As at March 31, 2018	As at March 31, 2017
CRAR (%)	19.52%	23.01%
CRAR - Tier I Capital (%)	19.15%	22.72%
CRAR - Tier II Capital (%)	0.37%	0.29%
Amount of Subordinated Debt raised as Tier II Capital	Nil	Nil
Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

36 Disclosure of details as required by Revised Para 18 of the Non Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, earlier Para 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.

Liabilities Side:

(Rs. in lakh)

Particulars	Amount Outstanding		Amount Overdue	
	31.03.18	31.03.17	31.03.18	31.03.17
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)				
- Secured	87,344	45,323	-	-
- Unsecured	-	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	85,168	34,870	-	-
d) Inter-corporate loans and borrowing	6,375	6,412	-	-
e) Commercial Paper	35,518	31,773	-	-
f) Other loans	-	-	-	-
g) Loan from Bank	-	-	-	-
- Working Capital Demand Loan	17,400	-	-	-
- Overdraft	10,003	23,153	-	-

Assets side: (Rs. in lakh)

Particulars	Amount Outstanding	
	2017-18	2016-17
2) Break up of loans and advances including bills receivables		
(other than those included in (3) below)		
- Secured	308,797	198,915
- Unsecured	-	970
3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
a) Lease assets including lease rentals under sundry debtors:		
- Financial Lease	-	-
- Operating Lease	-	-
b) Stock on hire including hire charges under sundry debtors		
- Assets on hire	-	-
- Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
- Loans where assets have been repossessed	-	-
- Other loans	-	-
4) Break up of Investments		
Current Investments:		
a) **Quoted:**		
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	-	-
- Others	-	-
b) **Unquoted:**		
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	-	-
- Others (Pass through certificate)	-	-
Long-Term Investments:	-	-
a) **Quoted:**		
- Shares: Equity (Net of provision)	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	-	-
- Government Securities	-	-
- Others	-	-
b) **Unquoted:**	-	-
- Shares: Equity	-	-
Preference	-	-
- Debentures and Bonds	-	-
- Units of Mutual Funds	38	34
- Government Securities	-	-
- Others	-	-

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

(Rs. in lakh)

Particulars	Amount net of provisions					
	Secured		Unsecured		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
a) Related parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	-	-	-	-	-	-
(iii) Other related parties	-	-	-	-	-	-
b) Other than related parties	308,797	198,915	-	970	308,797	199,885
TOTAL	**308,797**	**198,915**	**-**	**970**	**308,797**	**199,885**

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

(Rs. in lakh)

Particulars	Market Value/Break up or fair value or NAV		Book Value (Net of Provisions)	
	2017-18	2016-17	2017-18	2016-17
a) Related parties				
i) Subsidiaries	-	-	-	-
ii) Companies in the same group	-	-	-	-
iii) Other related Parties	-	-	-	-
b) Other than related parties	41	35	38	34
TOTAL	**41**	**35**	**38**	**34**

a) 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

(Rs. in lakh)

Particulars	2017-18	2016-17
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	-	-

37 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) **Registration**

Issuing Authority	Registration No., if any	Date of registration	Valid upto	Registered as
Reserve Bank of India	N-13.02032	19-Oct-12	-	NBFC-ND-SI converted to NBFC- IFC w.e.f 15 Oct 2015

(ii) **Ratings assigned by credit rating agencies and migration of ratings during the year**

(i) Rating Assigned to	Commercial Papers, Debentures & Bank Loan facility
(ii) Date of Rating	CRISIL : 29th March 2018 | CARE : 9th October 2017 | ICRA : 27th September 2017
(iii) Rating Valid up to	Till the date of reaffirmation
(iv) Name of the Rating Agency	CRISIL Limited (CRISIL), Credit Analysis and Research Limited (CARE), ICRA Limited (ICRA)
(v) Rating of products	
(a) Commercial Paper	CRISIL A1+, ICRA A1+
(b) Debentures	CRISIL AA+/Stable , CARE AA+/Stable
(c) Bank Loan Facility	CRISIL AA+/Stable

(iii) **Penalties levied by RBI**

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

(iv) **Off Balance Sheet Exposure as on March 31, 2018 is as follows:**

a) Undrawn Commitment given to the Borrower

As on March 31, 2018 Rs. 36,848 lakh (Previous year : Rs.28,534 lakh)
Less than one year : Rs. 5,601 lakh (Previous year : Rs.4,019 lakh)
More than one year : Rs. 31,247 lakh (Previous year : Rs.24,515 lakh)

b) Financial and Other Guarantees Rs. 20,972 lakh (Previous year : Rs. 41,225 lakh)

c) Leases entered but not executed Rs. Nil (Previous Year : Rs. 1,000 lakh)

(v) **Provisions and Contingencies**

(Rs. in lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	2017-18	2016-17
Provisions for depreciation on investment	-	-
Provision towards NPA	-	-
Provision towards restructured standard assets	-	-
Provision made towards Income tax	3,340	1,806
Other provision and contingencies (with details)	-	-
Provision for standard assets	532	381
Total	**3,872**	**2,187**

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

Advances# (Rs. In lakh)

Particulars	**2017-18**	**2016-17**
Total advances to twenty largest borrowers	176,465	121,831
Percentage of advances to twenty largest borrowers to total advances of the NBFC	57.1%	61.0%

Includes Loans, Advances & Credit Substitutes

Exposure * (Rs. In lakh)

Particulars	**2017-18**	**2016-17**
Total advances to twenty largest borrowers	199,243	130,389
Percentage of exposures to twenty largest borrowers to total exposure of the NBFC	54.3%	54.1%

* Includes Loans, Advances, Credit Substitutes and loan sanctioned but partly disbursed

(vii) The Company has Rs. Nil exposure to Non Performing Assets (NPAs). Accordingly the disclosure on "Concentration of NPAs" and "Sector wise NPAs" are not applicable

(viii) The Company does not have any Joint Ventures and Subsidiaries abroad. The Company has not sponsored any SPVs. Accordingly there is no disclosure applicable

(ix) The Company had Nil complaints at the beginning of the year. No complaints were received during the year.

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

(xi) No parent company products are financed during the year (Previous Year Nil)

(xii) The Exposure to a single borrower does not exceed the limit stipulated by the RBI Concentration norms applicable to NBFCs.
During the current financial year, the holding companies of multiple obligors of Tata Cleantech Capital Limited (hereinafter 'the Company') became part of the same group pursuant to consolidation activities in the Industry. The aggregated exposures of the obligors exceeded the group borrower limits of the Company as at March 31, 2018. The Company has informed RBI of such excess resulting from the events beyond its control and sought a time limit of 18 months to regularize the same.

(xiii) The Exposure to unsecured advances is Rs. NIL (Previous Year Rs. 970 lakh) constituting 0% of the Gross Loans and Advances.

(xiv) Since the Company does not have significant uncertainties pending resolutions as at March 31, 2018, revenue recognition has not been postponed.

(xv) 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.

(xvi) NPA Movement during the year

(Rs. In lakh)

Particulars		**2017-18**	**2016-17**
(i)	**Net NPAs to Net Advances (%)**	0%	0%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening Balance	-	-
	(b) Additions during the year	-	-
	(c) Reductions during the year	0	0
	(d) Closing balance	-	-
(iii)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
	(a) Opening Balance	-	-
	(b) Additions during the year	-	-
	(c) Write-off / write-back of excess provisions	0	0
	(d) Closing balance	-	-
(iv)	**Movement of Net NPAs**		
	(a) Opening Balance	-	-
	(b) Additions during the year	-	-
	(c) Reductions during the year	0	0
	(d) Closing balance	-	-

(xvii) No exposure to Capital market during the year. (Previous year Nil)

38 During the previous year ended March 31, 2017, the Company had changed its accounting policy with respect to amortisation of deferred revenue expenditure for share issue expenses. The Company now charges off the share issue expenses against amount standing to the credit of the Securities Premium Account. Prior to this change, the Company amortised the said share issue expenses over a period of 36 months from the month in which the expenses were incurred. The change in accounting policy is in accordance with the provisions of Section 52 of the Companies Act 2013, and it would result in a more appropriate presentation of financial statements of the Company and for harmonisation of policy with Holding Company.

On account of the change in the accounting policy, the profit before tax of the company was higher by Rs. 76 lakh (net of taxes, as applicable) for the year ended March 31, 2017 and deferred revenue expenditure was lower by Rs. 159 lakh.

39 To comply with the RBI Master Direction DNBR.PD.008/03.10.119/2016-17 RBI/DNBR/2016-17/45 dated September 01, 2016, the Company has made an incremental standard asset provision of Rs. 99.94 lakh being 0.05% (Current year 2017-18 0.40%, Previous year 2016-17 0.35%) of Standard Assets as of March 31, 2017.

40 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

41 The Company has reported frauds aggregating Rs.Nil (Previous year : Rs. Nil) based on management reporting to risk committee and to the RBI through prescribed returns.

42 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 14). Management believes that the classification results in a better presentation of the substance of these receivables and is in alignment with regulatory filings.

43 There were no unhedged foreign currency transactions during current year.

44 The figures for the year ended March 31, 2017 were audited by previous statutory auditors.

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

Description	As on March 31, 2018	As on March 31, 2017	Amount	Reason
	Schedule	Schedule	(Rs. in lakh)	
Provision for employee benefits	Long term provisions	Short term provisions	27	Short-term and long-term provision for leave encashment has been presented in accordance with the report of the actuary and as per requirement of Schedule III of the Companies Act, 2013
Provision for employee benefits	Other current liabilities	Trade payables	293	Bonus accrual for employees has been presented as a part of Other current liabilities instead of Trade payables in accordance with the requirement of Schedule III of the Companies Act, 2013
Gratuity assets	Other non-current assets	Other current assets	20	Short-term and long-term gratuity assets has been presented in accordance with the report of the actuary and as per requirement of Schedule III of the Companies Act, 2013

Description	For the year ended March 31, 2018	For the year ended March 31, 2017	Amount	Reason
	Schedule	Schedule	(Rs. in lakh)	
Guest house income	Other income	Other operating expenses	13	Income from guest house recognised as Other income as per terms of the agreement.

In terms of our report attached

For **B S R & Co LLP**
Chartered Accountants
Firms Registration No- 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No : 046882

Place : Mumbai
Date: April 25, 2018

For and on behalf of Board of Directors

Vittaldas Leeladhar
(Chairman)
DIN: 02630276

Rajiv Sabharwal
(Director)
DIN: 00057333

Pradeep C. Bandivadekar
(Director)
DIN: 00059330

Padmini Khare Kaicker
(Director)
DIN: 00296388

Manish Chourasia
(Managing Director)
DIN: 03547985

Behzad Bhesania
(Chief Financial Officer)

Shivangi Rajpopat
(Company Secretary)