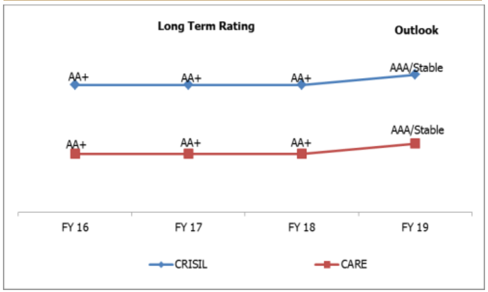
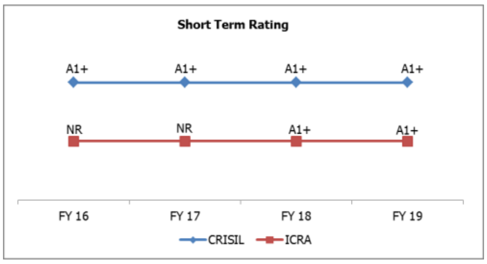
Shareholding pattern as on Dec 31, 2018

Tata Capital Limited	80.5%
International Financial Corporation (IFC)	19.5%

Credit Rating History





Financial Performance **Rs. Bn**

Tata Cleantech (Standalone)

Particulars	H1 FY19	H1 FY18	% chg.
NII + Fee-income	0.8	0.7	29.2
Total Income	2.0	1.3	56.8
Operating Exp. (excl. Int.)	0.2	0.1	81.8
PAT	0.4	0.4	22.7
Networth	7.1	6.2	-
Total Debt	31.9	18.6	-
Total Assets	39.5	N.A.	-
Debt/Equity (x)	4.5	3.0	-
Cost to income (%)	23.81	16.92	-
RoA (%)	2.50	N.A.	-

Financial Performance **Rs. Bn**

Tata Capital (Consolidated)

Particulars	FY18	FY17	% Chg.
AUM	614.5	518.4	18.54
Net Worth	66.5	62.0	7.26
Total debt	533.1	446.2	19.48
Total Assets	640.8	536.2	19.51
Total Income	70.2	63.2	11.08
Operating Exp. (excl. Int.)	18.8	19.8	(4.90)
PAT	7.8	4.6	68.88
Cost to Income ratio (%)	56.1	69.4	-
Debt/ Equity (Times)	8.02	7.20	-
RONW (%)	12.2	7.9	-
ROA (%)	1.3	0.9	-
GNPA (%)	2.4	3.4	-
NNPA (%)	0.7	0.9	-

Source: Company Reports, ACE Equity As per Ind-AS wherever applicable

Credit Drivers:

- Strong support from ultimate parent, Tata Sons Pvt Limited: Tata Capital Limited (TCL) group, including Tata Cleantech Capital Limited (TCCL), is expected to continue to receive strong support from the ultimate parent, Tata Sons. This is on account of Tata Sons' majority ownership in the TCL group as well as the increasing strategic focus of the Tata group on the financial services business.
- Well-diversified portfolio mix: TCL group has sizeable assets under management (AUM) and a well-diversified product portfolio across retail and wholesale segments. TCCL had a loan book of Rs.38.7 billion as on Sep 30, 2018.
- Average asset quality: TCL group's asset quality is average, but has been on an improving trend. TCCL's NPAs are currently nil, however, its portfolio is vulnerable to asset quality risks given its exposure to the infrastructure sector
- Comfortable resource profile: TCCL's resource profile is fairly balanced with a mix of non-convertible debentures and bank borrowings. As on March 31, 2018, half of TCCL's borrowings were from capital market instruments (NCD: 35%, CP: 15%), followed by bank borrowings (43%) and ICDs (3%) and other borrowings (4%).
- Healthy capitalization, supported by regular infusion from parent: TCL group has healthy comfortable capitalization, with consolidated networth (IGAAP) of Rs 66.5 billion as Mar 31, 2018. As on Sep 30, 2018, TCCL remains adequately capitalized, with Tier I and overall CAR of 15.4% and 15.9%, respectively. The gearing of TCCL stood at 4.5 times as on Sep 30, 2018.
- Average earnings profile: TCCL's profitability has remained comfortable with RoA at 3.03% for FY18 as against 2.8% for FY17 on account of higher margins, and controlled operating costs. RoA remained comfortable at 2.5% (annualized) for the half year ended Sep 30, 2018.

About the Company:

Tata Cleantech Capital Limited (TCCL) was established in September 2011 as a joint venture between TCL and IFC. The company received its NBFC license in October 2012 and commenced business in April 2013. TCCL is a systemically important non-deposit accepting non-banking financial company (SI-ND-NBFC) and classified as an infrastructure finance company (NBFC-IFC). TCCL provides finance and advisory services for renewable energy, energy efficiency, waste management, water management and other infrastructure projects.

About the Tata Capital Group:

TCL is a subsidiary of Tata Sons Pvt Limited and is the holding company for several financial services business of the group and also holds strategic and private equity investments. TCL's key subsidiaries are Tata Capital Financial Services Limited (wholesale and retail lending), Tata Capital Housing Finance Limited (mortgage finance), TCCL (infrastructure finance) and Tata Securities Limited (fee-based services such as stock broking and investment banking).

Industry Outlook:

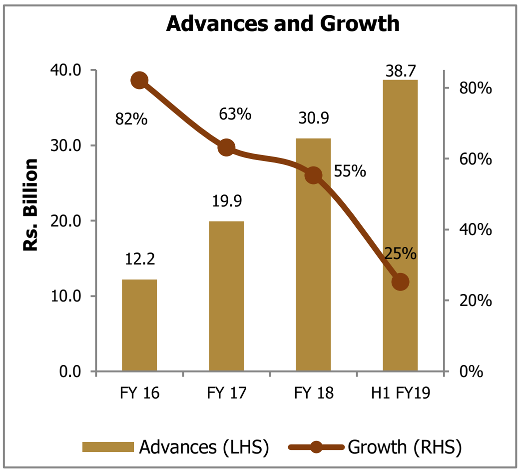
Growth in NBFC sector is expected to be impacted in FY20 given the liquidity situation, which is expected to continue in first half of FY20. NBFCs are expected to witness growth of 12-14% in FY20 with a continued competition, especially from private banks and potentially from large PSU banks. Retail segment, of which vehicle finance is the largest, will fare relatively better. From an asset quality perspective as well, while overall, the quality of retail assets is expected to remain steady, segments such as SME lending, especially loan against property (LAP), and construction/infrastructure finance could witness some pressure. Further, the wholesale book typically has significant concentration risks, which could result in chunky NPAs. NBFCs are expected to reorient their funding mix given the current environment. On one side, securitization has proved to be the preferred source of financing; NBFCs have also been tapping alternate sources such as public issuances of NCDs and ECBs. Relatively lower reliance on short-term borrowings while maintaining on-balance sheet liquidity is expected to impact the profitability of the sector; however, ability of NBFCs to pass on the increase in borrowing costs to their customers would define the extent of the impact.

Key Credit Drivers:

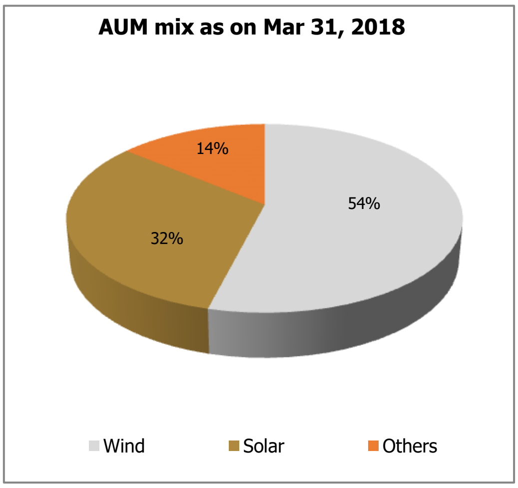
Expectation of strong support from ultimate parent, Tata Sons Pvt Limited: TCL group, including TCCL, is expected to continue to receive strong support from the ultimate parent, Tata Sons. This is on account of Tata Sons' majority ownership in the TCL group as well as the increasing strategic focus of the Tata group on the financial services business. Tata Sons directly holds 93.22% in TCL with the rest of the stake being held by the other Tata group companies and trusts. TCL's Board also has representation from Tata Sons. Tata Sons has infused equity capital of around Rs.40.5 billion in TCL since TCL's inception- of this, Rs. 12.5 billion has come in FY19 given the increasing focus on the lending business.

TCL group has the main non-captive lending entities in the group and, given the long-term growth opportunities in this space, will remain critical to the Tata Group. The strategic importance of these entities is further enhanced given the role played in catering to the funding requirements of the group's suppliers, vendors, and dealers. There are also strong business, brand and infrastructural synergies within the group. Given the expectation of the continued majority ownership and management control, TCL group are expected to continue to receive strong support from Tata Sons.

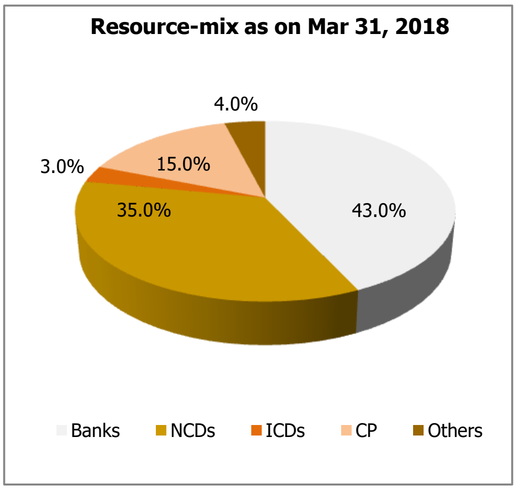
Well-diversified portfolio mix: TCL group has sizeable assets under management (AUM) and a well-diversified product portfolio across retail and wholesale segments. On a consolidated basis, AUM stood at Rs 705.2 billion as on Sep 30, 2018 . On a standalone basis, TCCL had a loan book of Rs 30.9 billion as on Mar 31, 2018, growing strongly from Rs 20.0 billion a year earlier; loan book grew to Rs.38.7 billion as on Sep 30, 2018. 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. Its average ticket size was Rs.0.5-0.6 billion as on March 31, 2018 and tenure ranges from 10-15 years. The portfolio remains focussed on solar and wind energy projects. As on Mar 31, 2018, loans to wind projects and solar projcts constituted 33% and 23% respectively of the AUM, while loans to hybrid solar and wind projects were another 30%. TCCL largely lends as a part of consortium with other private sector lenders, given its small scale of operations.



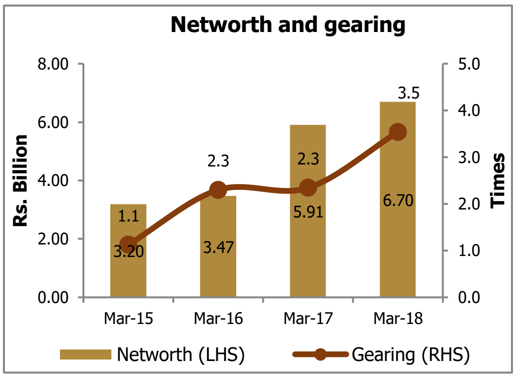
Average asset quality: TCL group's asset quality is average, but is expected to improve going ahead with the group exiting segments such as infrastructure lending in which they have faced asset quality challenges in the past, as well as the strengthening of the risk management infrastructure. On a consolidated basis, TCL group's gross NPAs and net NPAs stood at 2.4% and 0.7% respectively as on Mar 31, 2018, lower than the 3.4% and 0.9% respectively as on Mar 31, 2017. While TCCL's NPAs are currently nil, its portfolio is vulnerable to asset quality risks given its exposure to the infrastructure sector and the concentration risk arising from its relatively large ticket sizes. However, the exposure to renewable energy space within the infrastructure sector provides some comfort given the relatively lower risk of these projects compared to thermal power projects. Top ten customers accounted for 65% of the portfolio and around 3 times of net worth as on Mar 31, 2018. While the concentration risk is high, the client profile includes renowned groups with established track record in the renewable energy space. Further, a large proportion of the portfolio consists of operational projects, which mitigates the risk to some extent. TCCL largely lends as a part of consortium with other private sector lenders, given its relatively small scale of operations. TCCL also has good risk management and portfolio monitoring systems with a defined risk management policy. Nevertheless, the company's ability to maintain the asset quality while diversifying into new sectors needs to be seen.



Comfortable resource profile: TCL group has a diversified resource profile with a mix of non -convertible debentures (NCDs), bank borrowings and short term debt. Its diverse investor base comprises a number of banks, mutual funds, insurance companies and high networth individuals. Additionally, Tata Capital has the ability to mobilise debt at competitive costs, given its association with the Tata group. TCCL has been gradually diversifying its resource mix. End FY18, half of the borrowings were from capital market instruments (NCD: 35%, CP: 15%), followed by bank borrowings (43%) and ICDs (3%). TCCL's association with IFC may also enable it to get access to relatively cheaper sources of international funding from multilateral development institutions that are focused on promoting clean technology projects.



Healthy capitalization, supported by regular infusion from parent: TCL group has healthy capitalization, with consolidated networth (IGAAP) of Rs 66.5 billion as Mar 31, 2018. TCL group's consolidated gearing stood at 8.0 times as on March 31, 2018. The capital infusion in FY19 has further strengthened the group’s capital position. As on Sep 30, 2018, TCCL remains adequately capitalized, with Tier I and overall CAR of 15.4% and 15.9%, respectively. The gearing of TCCL stood at 4.5 times as on Sep 30, 2018. The increase in gearing was on account of robust growth in loan book of the company supported by rise in overall borrowings. TCL group is adequately capitalized to absorb asset-side risks as well. While the group is expected to grow at a healthy place, its capitalization is expected to remain comfortable, given Tata Sons' commitment to support growth in the financial services business.



Average earnings profile: TCL group’s profitability has been impacted in the past by higher credit costs, but is on an improving trend. Net interest margins (based on total income) have been steady at over 5% for the past 3 years. Reduction in credit costs in FY18 led to an increase in the consolidated return on assets (RoA) to 1.3% from 0.9% (reported; excluding impact of one-time write-offs through reserves) in FY17. TCCL’s profitability has remained comfortable with RoA at 3.03% for FY18 as against 2.8% for FY17 on account of higher margins, and controlled operating costs. RoA remained comfortable at 2.5% (annualized) for the half year ended Sep 30, 2018. However, given that the company in a relatively early stage of operations, the sustainability of the same needs to be monitored. Ability to manage credit costs will be one of key determinants of profitability over the medium term.

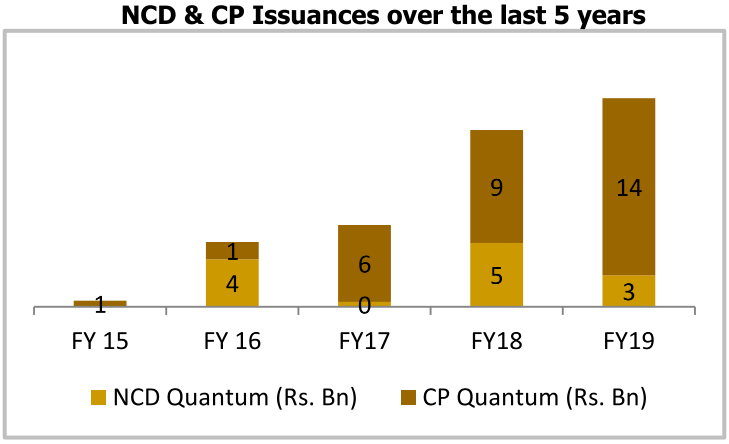
Comfortable liquidity profile: TCCL's asset liability maturity profile as of Sep 30, 2018 shows cumulative positive mismatches across all except 6 to 12 months bucket. TCCL had debt outflows of Rs.3.1 billion from Dec 2018 till Mar 31, 2019 and against that, it has sanctioned but unutilized bank lines of Rs 5.5 billion. Additionally, the liquidity position is supported by business inflows by way of repayments /prepayments which are currently not factored in.

Experienced management: TCL group has a competent and experienced management team, with a mix of senior management team from Tata Group and experienced professionals. The management operates across the risk spectrum in terms of its business segments- ranging from the relatively higher risk wholesale book to the low risk home loan business.

Key Management Personnel

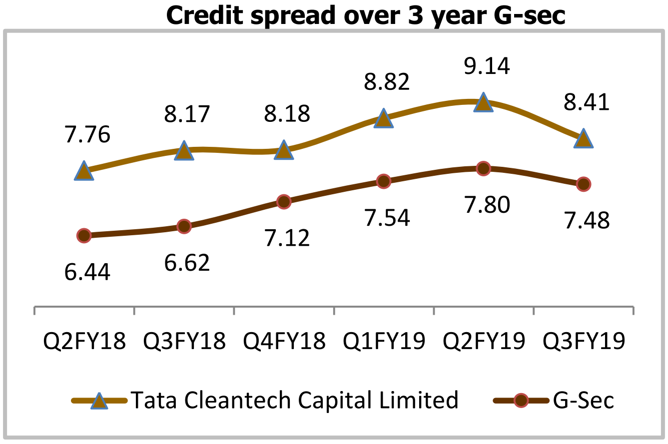
Name	Designation	Name	Designation
Mr. Manish Chourasia	Managing Director	Mr. Ashwini Kumar	Head-Credit Underwriting and credit administration
Mr. Behzad Bhesania	Chief Financial Officer	Mr. Prasad Ranade	Head-Credit Administration and Digital
Mr. Arunavo Mukerjee	Vice President - Advisory Services,	Mr. Manash Mitra	Head-M&A Advisory
Mr. Pankaj Sindwani	Head-Debt origination and syndication		

NCD & CP Issuances over the last 5 years



Source: NSDL, Prime Database

Credit spread over 3 year G-sec



Source: Reuters

Latest Issuance:

Name	Type	Date	Tenor	Coupon (%)	Quantum (Rs. Bn)
Tata Cleantech (Primary)	Secured	31-May-19	3 year 8 months	10 yr G-Sec Linked	0.07
Tata Cleantech (Primary)	Unsecured	10-May-19	10 years	9.18 p.a.	1
Tata Cleantech (Primary)	Secured	18-Dec-18	5 years	8.7350 p.a.	1.8

Source: NSDL

Other Information:

Auditor	BSR & Co. LLP

Financials: (Standalone as per IGAAP)

Profit & Loss Statement

Particulars (in Bn.)	FY16	FY17	FY18
Operating Income	1.05	1.79	2.73
Other Income	0.01	0.01	0.02
Total Income	**1.05**	**1.80**	**2.76**
Employee Cost	0.08	0.13	0.16
Operating & Establishment Expenses	0.03	0.05	0.04
Administrations & Other Expenses	0.02	0.03	0.04
Provisions and Contingencies	0.03	0.04	0.06
Miscellaneous Expenses	0.03	0.04	0.06
Total Expenditure	**0.16**	**0.25**	**0.31**
Operating Profit	**0.90**	**1.55**	**2.45**
Interest	0.51	0.91	1.32
Depreciation	0.00	0.00	0.00
Profit Before Taxation & Exceptional Items	**0.39**	**0.64**	**1.12**
Profit Before Tax	**0.39**	**0.64**	**1.12**
Provision for Tax	0.11	0.18	0.33
Profit After Tax	**0.27**	**0.46**	**0.79**

Key Ratios

Particulars	FY16	FY17	FY18
Spread Analysis			
Interest Earned/ Avg. Assets (%)	8.14	10.14	9.82
Interest Expended/ Avg. Assets (%)	3.62	5.59	5.16
Net Interest Margin (NIM (%))	4.52	4.55	4.66
Operational & Financial Ratios			
Earnings Per Share (Rs)	0.95	1.28	2.22
DPS(Rs)	0.00	0.00	0.00
Book Value (Rs)	12.00	16.61	18.82
Performance Ratios			
ROA (%)	2.83	2.78	3.03
ROE (%)	8.33	9.74	12.54
Financial Stability Ratios			
Total Debt/Equity(x)	2.33	2.32	3.51

Peer Comparison as on March 31, 2018

Particulars (in Bn.)	TCCL	Indostar	Altico
Total Income	2.76	8.31	9.56
NII	1.20	3.77	5.16
PAT	0.79	2.36	3.55
Equity*	6.70	21.46	26.48
Debt	23.71	48.23	41.74
CRAR (%)	19.52	28.30	40.72
GNPA (%)	Nil	1.30	Nil
NNPA (%)	Nil	1.10	Nil
ROE (%)	12.54	11.64	14.37
ROA (%)	3.03	3.70	5.97
Leverage (x)	3.51	2.25	1.58

Source: Company Reports, ACE Equity, Figures are on standalone basis, *Equity is adjusted for any miscellaneous expenditure written off and revaluation reserves and hence, there would be difference in reported networth and equity capital

Information Source: Ace Equity, Company Reports, IBEF, NSDL, Prime Database, Bloomberg, Thomson Reuters, Rating Agencies, CRISIL

Balance Sheet

Particulars (in Bn.)	FY16	FY17	FY18
EQUITY AND LIABILITIES			
Share Capital	2.89	3.56	3.56
Shareholder's Funds	**3.47**	**5.91**	**6.70**
Long-Term Borrowings	4.78	3.44	11.27
Other Non-Current Liabilities	0.07	0.21	0.78
Total Non-Current Liabilities	**4.85**	**3.65**	**12.06**
Other Current Liabilities	0.98	2.42	4.26
Short Term Borrowings	3.20	8.36	8.74
Total Current Liabilities	**4.18**	**10.79**	**13.00**
Total Liabilities	**12.50**	**20.35**	**31.76**
ASSETS			
Net Block	**0.03**	**0.03**	**0.03**
Capital Work in Progress	0.00	0.00	0.00
Other fixed assets	0.00	0.00	0.00
Non-Current Investments	0.00	0.00	0.00
Long Term Loans & Advances	12.28	20.16	31.64
Other Non-Current Assets	0.01	0.00	0.00
Total Non-Current Assets	**12.31**	**20.20**	**31.68**
Cash and Bank	0.03	0.14	0.07
Other Current Assets	0.01	0.00	0.00
Short Term Loans and Advances	0.13	0.00	0.00
Total Current Assets	**0.18**	**0.15**	**0.08**
Miscellaneous Expenses not written off	0.00	0.00	0.01
Total Assets	**12.50**	**20.35**	**31.76**

Cash flow Statement

Particulars (in Bn.)	FY16	FY17	FY18
Profit Before Tax	**0.39**	**0.64**	**1.12**
Adjustment	**0.47**	**-0.70**	**-1.14**
Depreciation	0.00	0.00	0.00
Dividend Received	0.00	0.00	0.00
Interest Income	-0.01	-1.65	-2.52
Provision & Written Off	0.03	0.04	0.05
Bad debts irrecoverable written off	0.00	0.00	0.00
Provision for doubtful debts & advances	0.00	0.00	0.00
Other Adjustments	0.45	0.91	1.32
Changes In working Capital	**-5.41**	**-7.73**	**-10.91**
Cash Flow after changes in Working Capital	**-4.56**	**-7.79**	**-10.93**
Tax Paid	-0.13	-0.20	-0.36
Extra & Other Item	-0.16	0.78	1.38
Cash From Operating Activities	**-4.85**	**-7.20**	**-9.91**
Cash Flow from Investing Activities	**0.00**	**0.00**	**0.00**
Purchase of Fixed Assets	0.00	0.00	0.00
Sale of Fixed Assets	0.00	0.00	0.00
Purchase of Investment	-4.35	0.00	-3.82
Sale of Investments	4.35	0.00	3.82
Investment in Subsidiaries	0.00	0.00	0.00
Dividend Income	0.00	0.00	0.00
Interest Income	0.00	0.00	0.00
Other Investment Activities	0.00	0.00	0.00
Cash from Financing Activities	**4.83**	**7.31**	**9.84**
Net proceeds from borrowings & pref. shares	4.83	5.32	9.85
Net proceeds Equity Share Capital	0.00	2.00	0.00
Other Financial Activities	0.00	0.00	-0.01
Net Cash Inflow / Outflow	**-0.02**	**0.11**	**-0.07**
Opening Cash & Cash Equivalents	**0.06**	**0.03**	**0.14**
Closing Cash & Cash Equivalent	**0.03**	**0.14**	**0.07**