

Closer home, the Non-Banking Financial Companies (“NBFCs”) in India, have evolved over the last fifty years to emerge as notable alternate sources of credit intermediation, especially for the last mile credit delivery. Regulation of the NBFC sector over the last decade and a half has been incremental. As and when risks have been detected, they were sought to be addressed. RBI has taken major steps in FY 2014-15 to align asset classification norms with that of Banks (90 days norm phased in over 3 years). Higher Standard Asset provisioning has been put in place (0.40% against the existing 0.25%, phased in over 3 years). The sector will report higher NPAs in the initial period, however, the sector as a whole will emerge stronger after the implementation of these initiatives.

The year ahead will be challenging on the credit quality front. However, if the Government and private spending revive, partially assisted by interest rate cuts, FY 2015-16 could witness an improvement in asset quality and growth.

3. FINANCIAL RESULTS

(₹ in crore)

Particulars	Consolidated		Standalone	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
Gross Income	4,203	3,579	244	167
Less:				
Expenses				
Finance Costs	2,481	2,148	41	16
Employee Benefits Expenses	353	309	33	31
Other Operating Expenses	835	702	33	24
Depreciation	105	68	8	7
Amortization of Expenses	17	11	4	3
Profit Before Tax	412	341	125	87
Less: Tax Expense	111	143	10	9
Profit After Tax	301	198	115	78
Share of Associates and Minority Interest	5	16	–	–
Balance carried to Reserves	306	214	115	78

Consolidated Results:

Tata Capital's book size increased from ₹ 28,435 crore as at March 31, 2014 to ₹ 34,462 crore as at March 31, 2015, on a consolidated basis. This increase of about ₹ 6,027 crore was mainly due to the growth in the loan book of two major subsidiaries viz. Tata Capital Financial Services Limited (“TCFSL”): ₹ 2,570 crore and Tata Capital Housing Finance Limited (“TCHFL”): ₹ 2,918 crore.

During FY 2014-15, Tata Capital recorded a consolidated Total Income of ₹ 4,203 crore as against ₹ 3,579 crore in FY 2013-14, an increase of about 17.4%. The Total Income comprised income from financing activities of ₹ 3,714 crore (FY 2013-14: ₹ 3,258 crore), Investment Income of ₹ 134 crore (FY 2013-14: ₹ 60 crore) and Other Income of ₹ 354 crore (FY 2013-14: ₹ 262 crore). The growth in income from financing activities was in line with the growth in advances.

During the year, Tata Capital's Profit After Tax (“PAT”) on a consolidated basis, increased by about 42.6% to ₹ 306 crore (FY 2013-14: ₹ 214 crore).

During FY 2014-15, Tata Capital's consolidated interest expense was ₹ 2,481 crore (FY 2013-14: ₹ 2,148 crore). This increase was on account of higher borrowings of ₹ 5,396 crore (FY 2013-14: ₹ 3,418 crore), in line with the growth in the loan portfolio. Notwithstanding the tight liquidity conditions in the market, Tata Capital was able to ensure a comfortable liquidity position to support its business requirements.

CASH FLOW STATEMENT for the year ended MARCH 31, 2015

(₹ in lakh)

Particulars	Note No.	For the year ended March 31, 2015	For the year ended March 31, 2014
1. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		12,503	8,650
Adjustments for :			
Dividend Income		(12,901)	(7,682)
Income from Investments		1	–
Interest Income		(4,409)	(1,870)
Interest Expenses		360	549
Discounting charges on Commercial Paper		3,730	1,047
Provision for employee benefits		25	(25)
Provision for rebate on advisory fees		(525)	525
Provision against Standard Assets		93	37
Provision for diminution in value of investments		1,297	–
Amortisation of share issue expenses		379	290
Depreciation		769	659
Income accrued on advisory fees		127	(127)
Operating Profit before working capital changes and adjustments for interest paid, interest received and dividend received		1,449	2,053
Adjustments for :			
(Increase) / Decrease in Trade receivables		461	(697)
Increase in Loans and advances		(16,904)	(15,094)
Decrease in Trade payables		(26)	(1,025)
Increase / (Decrease) in other liabilities and provisions		303	(35)
Cash (used in) operations before adjustments for interest paid, interest received and dividend received		(14,717)	(14,798)
Interest paid		(3,037)	(1,111)
Interest received		4,403	1,872
Dividend received		8,976	5,088
Cash (used in) / from operations		(4,375)	(8,949)
Taxes paid		(953)	(707)
CASH FLOW FROM OPERATING ACTIVITIES		(5,328)	(9,656)
2. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets (including capital advances)		(192)	(2,576)
Proceeds from sale of fixed assets		2	7
Investments in group companies		(64,896)	(30,704)
Proceeds from sale of investments		–	2
Net cash used in investing activities		(65,086)	(33,271)
3. CASH FLOW FROM FINANCING ACTIVITIES			
Collection of loan given to employees for ESOP		0*	13
Issue of preference shares		20,499	47,926
Dividend paid on preference shares including dividend distribution tax (net)		(5,783)	(1,130)
Interest expense on share application money		(33)	(121)
Share application money (refunded) / received		(95)	604
Share issue expenses		(299)	(566)
Net proceeds from short-term borrowings		63,027	(3,882)
Net cash from financing activities		77,316	42,844
Net increase / (decrease) in cash and cash equivalents		6,902	(83)
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		121	204
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	17	7,023	121
Reconciliation of cash and cash equivalents as above with cash and bank balances			
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		7,023	121
Add: Restricted Cash (Refer Note 17)		5,000	–
CASH AND BANK BALANCE AS AT THE END OF THE YEAR		12,023	121
* Amount less than ₹ 50,000			
See accompanying notes forming part of the financial statements	1-40		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ishaat Hussain
(Director)

Janki Ballabh
(Director)

Nalin M. Shah
(Director)

F.N. Subedar
(Director)

Sanjiv V. Pilgaonkar
Partner

Nirmalya Kumar
(Director)

Ritu Anand
(Director)

Praveen P. Kadle
(Managing Director & CEO)

Puneet Sharma
(Chief Financial Officer)

Avan Doomasia
(Company Secretary)

Mumbai

Date: May 08, 2015