

# Introduction to Tata Cleantech Capital Ltd - April 2014

# Introduction to Tata Group

## *India's Largest Business Conglomerate*



India's largest and most reputable business conglomerate established in 1868.

**Pioneered several "Firsts" in India**, e.g. the Nano car, luxury hotel, software services, steel plants, etc

**Largest employer in the private sector** with more than 450,000 employees ; Operations in more than 80 countries

**Group revenue is US\$100.09 billion** in FY2011-12; International income accounts for 58% of total income

**Market cap of 31 listed Tata companies is about US\$95 billion** and a shareholder base of 3.8 million; Tata Motors and Tata Communications are listed on the NYSE.  
Successfully built up an international brand name and network

**11<sup>th</sup> on World's Most Reputable Companies List** (published by *Reputation Institute, USA*)

**17<sup>th</sup> on 50 Most Innovative Companies** (published by *Businessweek*)

**45<sup>th</sup> Most Valuable Brand** amongst World's 500 most valuable brands (published by *Brand Finance*)

**Tata charitable trusts are India's largest private philanthropies**

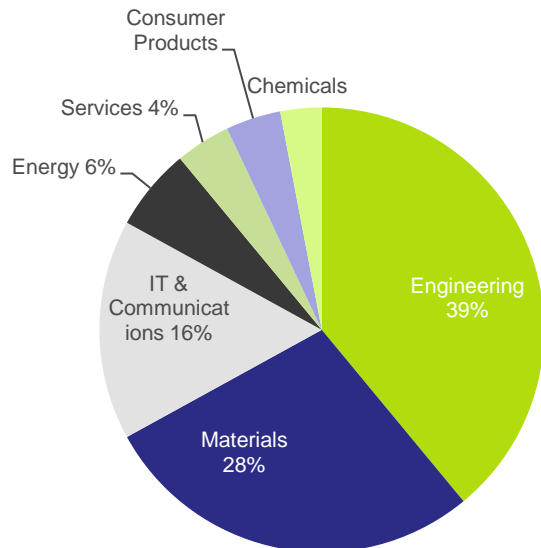
**TATA CAPITAL**

# Introduction to Tata Group

## Business Segments



% of Revenue, FY12



Revenue: \$100.09 billion

### Major Tata Companies in each segment

Engineering	<ul style="list-style-type: none"><li>Tata Motors, Voltas, Tata Auto Component Systems</li></ul>
Materials	<ul style="list-style-type: none"><li>Tata Steel (25+ affiliates &amp; subsidiaries)</li></ul>
I.T. & Communication	<ul style="list-style-type: none"><li>Tata Consultancy Services, Tata Teleservices, Tata Sky, Tata Communications</li></ul>
Energy	<ul style="list-style-type: none"><li>Tata Power, Tata Power Solar, Tata Petrodyne</li></ul>
Services	<ul style="list-style-type: none"><li>Indian Hotels, Tata Realty, Tata Capital, Tata AIG Insurance, Tata Asset Management</li></ul>
Consumer products	<ul style="list-style-type: none"><li>Tata Global Beverages, Titan, Infiniti Retail, Trent</li></ul>
Chemicals	<ul style="list-style-type: none"><li>Tata Chemicals, Rallis India</li></ul>

**TATA CAPITAL**

# Tata's Response to Climate Change



Climate Change Steering Committee

Climate Change Working Group

Established Climate Change Group  
...  
...

...Tata Climate Change Policy – signed off by the Group Chairman in Sep'09

...Carbon / water footprint mapping and abatement strategy for Tata Group

... Capabilities & Communications -  
350 trained climate change champions  
Tata Environment Month observed in June

# Tata Climate Change Policy



## Climate change policy for Tata companies

Tata companies will play a leadership role in climate change by being knowledgeable, responsive and trustworthy, and by adopting environment-friendly technologies, business practices and innovation, while pursuing their own growth aspirations and the enhancement of shareholder value.

Tata companies will measure their carbon footprint and will strive to:

- Be the benchmark in their segment of industry on the carbon footprint, for their plants and operations.
- Engage actively in climate change advocacy and the shaping of regulations in different business sectors.
- Incorporate 'green' perspective in all key organisational processes.

Ratan N Tata  
Chairman, Tata Sons

Tata Companies will play leadership role in climate change

Be benchmark in their segment of industry on the resource footprint

Engage actively in climate change advocacy & shaping of regulation in business sectors

Incorporate 'green' perspective in all key organizational processes



## Carbon footprint

- 76 Tata Companies, in 7 sectors, under Carbon Management
- Abatement actions identified.
- Companies have internal targets on specific carbon footprints and Sr Executives of major companies have embedded in PMS



## Capability

- CC Class room training program through world class faculty
- 350 champions trained
- Champions facilitated the carbon management program in Tata companies



## Communication

- Tata Environment Month in June every year
- CC Newsletter across Group
- Expert talks: Dr Bocaletti, Dr Gabrielle Walker, Dr Kirit Parikh, Andes Berntell, Jason Morrison, Pawan Sukhdev, Adam Werbach, Prof J Srinivasan, others.



## Advocacy

- GRI reporting
- Carbon Disclosure Project
- UN Global Compact
- Planning Commission – Low Carbon Committee, Govt. of India
- UN CEO Water Mandate

## Partnership with International Finance Corp (IFC) & Water Footprint Network (WFN), Netherlands

### **PHASE 1**

*Completed*

1. Chemicals
2. Steel
3. Motors
4. Power

### **PHASE 2**

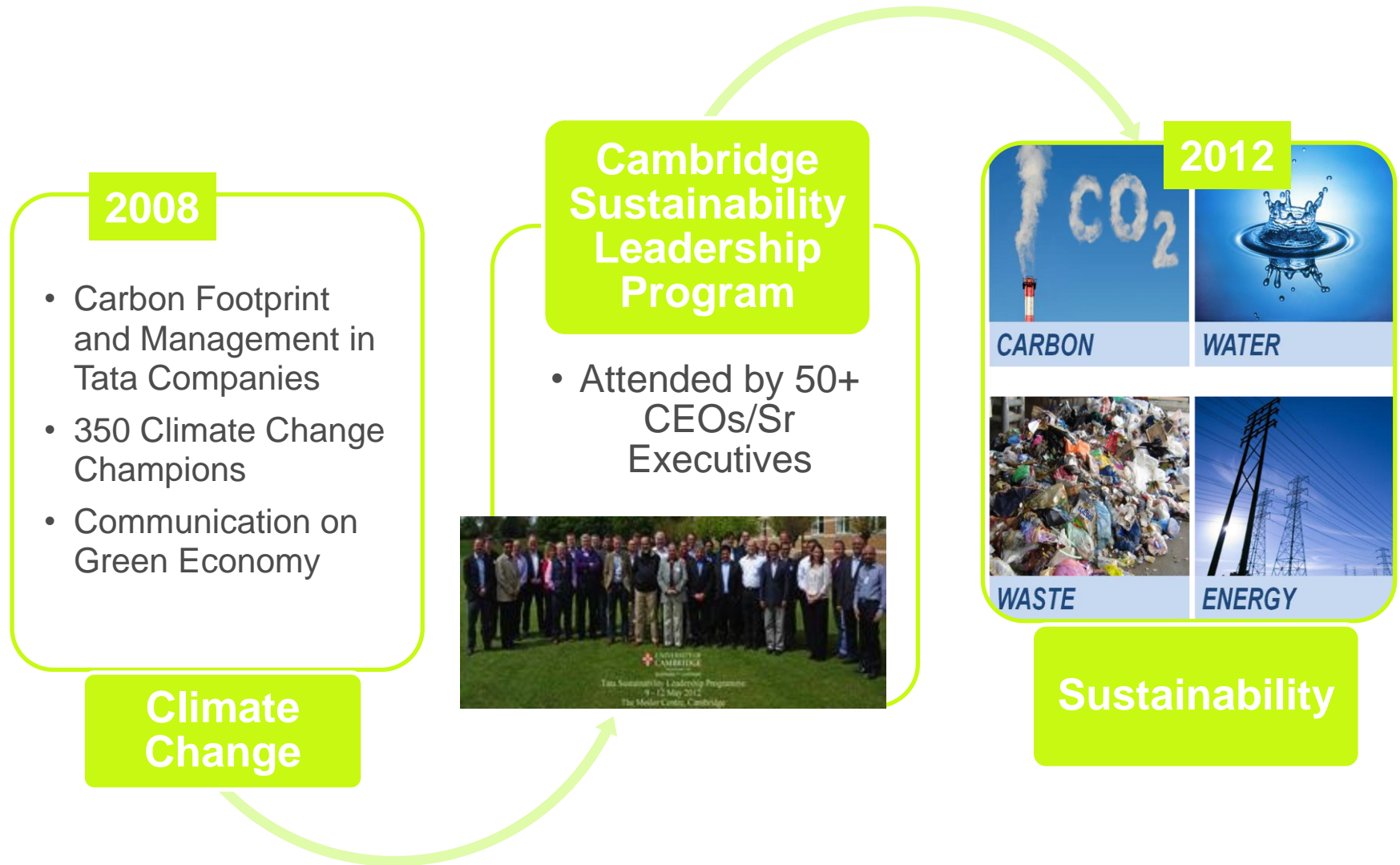
*In Progress*

- |           |             |
|-----------|-------------|
| 1. TGB    | 9. Voltas   |
| 2. Coffee | 10. TRF     |
| 3. IHCL   | 11. Housing |
| 4. Rallis | 12. Reality |
| 5. Sponge |             |
| 6. Trent  |             |
| 7. TRL K  |             |
| 8. Titan  |             |

## Water Footprint Assessment

- 60 Water Champions
- CEOs Water Stewardship Program

# Sustainability Journey





# New Low Carbon Business



- Tata Power's geothermal -Australia, Indonesia, floating CSPV, others
- Tata Industries' investment in thin film solar cells company, Flisom
- Tata Motors' investment in the Scandinavian EV battery developer
- Tata Steel's investment in solar steel (BIPV) / bio-fuels from algae
- Tata's support of Daniel Nocera at MIT power from ordinary water
- Tata Communication - telepresence offerings
- Taj Hotels - Earthroom
- *Tata Cleantech Capital Ltd - financing for resource efficiency / renewable energy projects for both Tata and other companies - convert CAPEX to OPEX model*

# Tata Capital Limited



- A subsidiary of Tata Sons Limited
- Registered with the Reserve Bank of India as a Systemically Important Non Deposit Accepting Non Banking Financial Company (NBFC)
- A trusted and customer-centric, one-stop financial services provider catering to the diverse needs of retail, corporate and institutional customers through a range of offerings, directly or through its subsidiaries.
- Also setting foot in the overseas markets with registered offices of its subsidiaries in Singapore and London.
- Aims to bring the trust and expertise of the Tatas to the world of financial services.
- Total assets base of Rs. 25,000 cr

# Tata Cleantech Capital

We foster **sustainable economic growth** in India by providing financial, technical and managerial resources to businesses and governments

Respected parentage - 80 % and 20 % equity ownership by Tata Capital and IFC respectively

**Focus Areas:** Renewable energy (wind, solar, biogas etc), Energy efficiency, Water Management and Waste Management

## Investment Solutions

- Loans & Structured Financing
- Other forms of financing

## Advisory Services

- Water / Resource Efficiency
- Waste Management
- Renewable Energy

# Provide services in a continuum spanning thought to execution



TCCL's financial and advisory services will range from market analysis of technology solutions, sustainability strategy development through implementing and managing a sustainability solution

## Sustainability Strategy

- Sustainability Policy & Regulation
- Sustainability Strategy & Journey Management
- Sustainability Performance and Risk Management

## Resource Efficiency

- Carbon / energy / water foot printing
- Development of abatement curves
- Creation of low resource growth strategy

## Sustainable Infrastructure

- Smart Buildings
- Clean Energy Solutions
- Water and waste management services

# MoU with BEE and EESL



## **Bureau of Energy Efficiency (BEE) and Tata Capital Limited sign an MoU for energy efficiency financing**

Bureau of Energy Efficiency (BEE) and Tata Capital Limited today signed a Memorandum of Understanding (MoU) to work closely on the former's Energy Efficiency Financing Platform (EEFP). Present at the occasion were Dr. Ajay Mathur, Director General, BEE and Mr. Praveen P Kadle, Managing Director and CEO, Tata Capital Limited.

The EEFP, an initiative under National Mission for Enhanced Energy Efficiency (NMEEE), seeks to create a mechanism for enabling mainstream financing of energy efficiency projects. The Memorandum will provide a flexible, over-arching framework under which collaborative activities and partnerships in the field of Utility based Demand Side Management (DSM), Energy Conservation Building Code, Energy Efficiency in existing commercial buildings, Standards and Labeling Programme and Energy Efficiency in Industries will be implemented in India. The MoU also follows upon Tata Capital's recent initiative of forming Tata Cleantech Capital Limited.

While NMEEE estimates the overall energy efficiency investment market at around INR 74,000 crores, the combined capital of BEE funds will infuse over INR 170 crores in the energy efficiency market in the coming years.

# Energy Efficiency Projects in ESCO Mode

## Why Energy Efficiency?

Limited supply of power

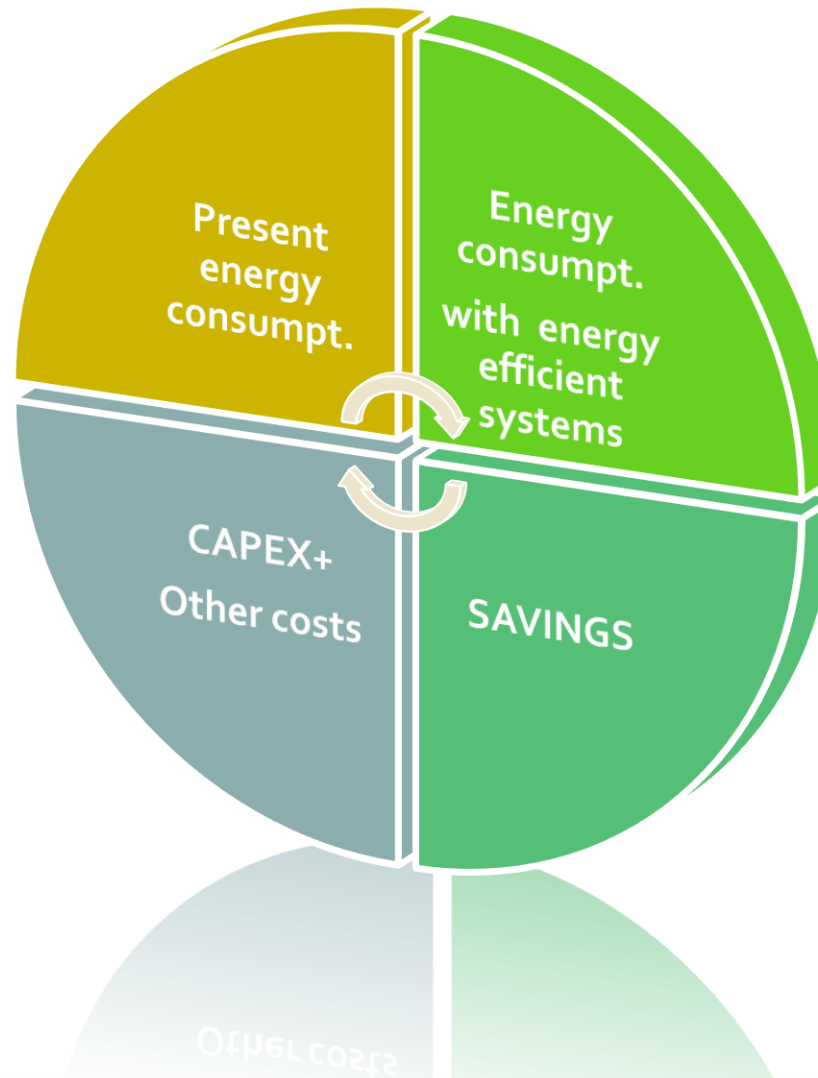
Decreased energy bills

Increased competitiveness

Massive impact potential

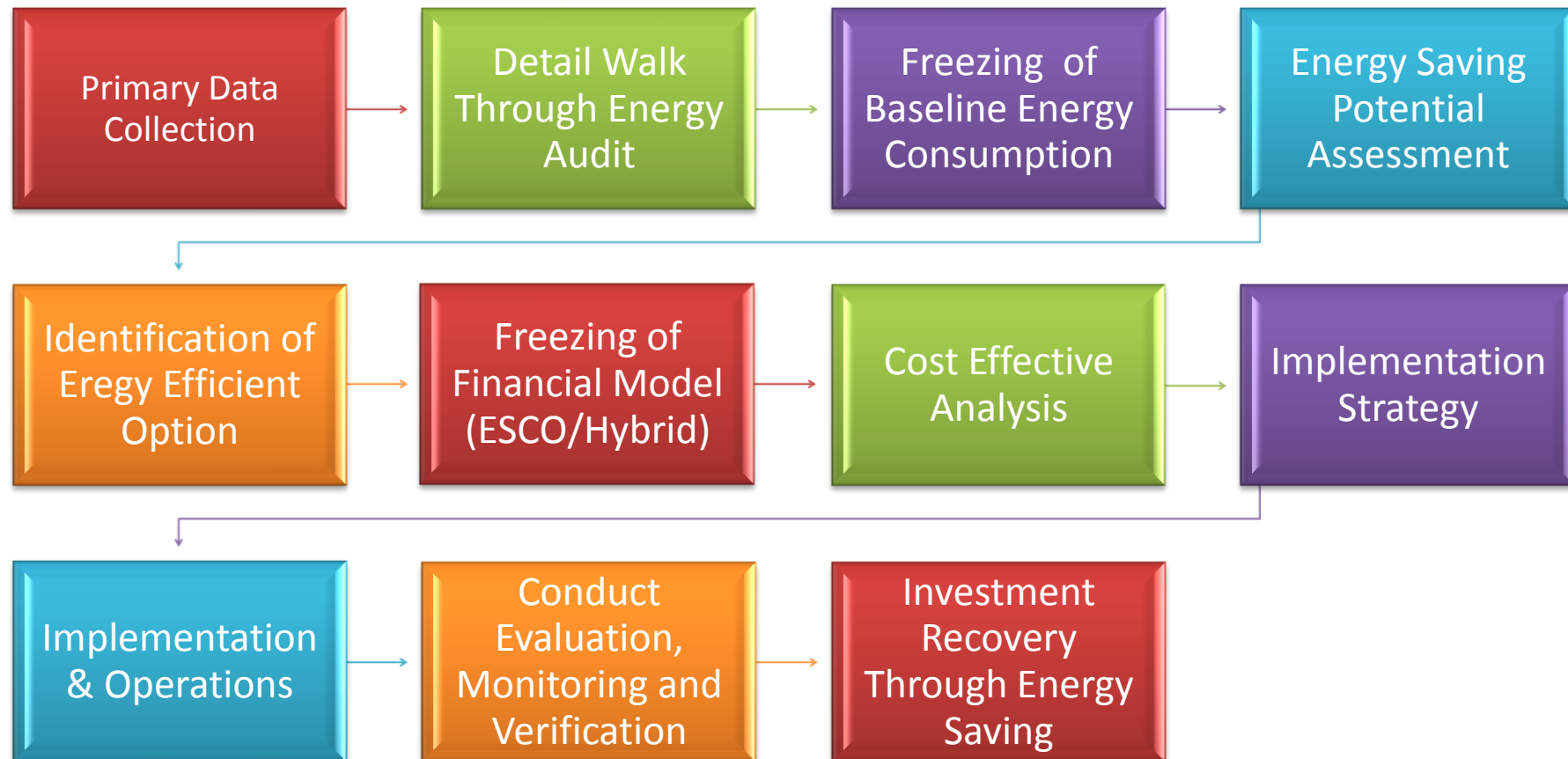
Why not if  
somebody  
does it for  
you for at  
no cost to  
you?

# The concept of ESCO

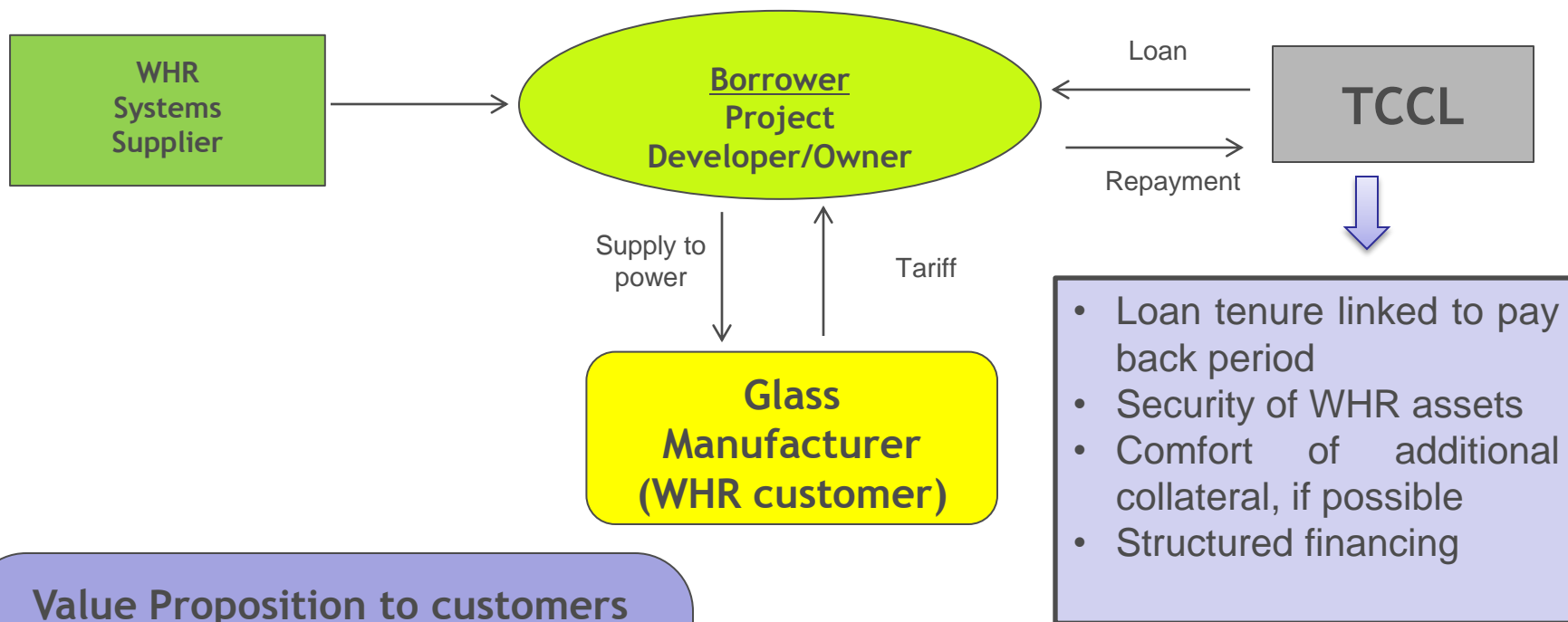




# Methodology - For Implementing EE projects in ESCO mode



# Financing for WHR BOOT projects



## Challenges as Financiers:

- ❑ Difficulty in identification specific cash flows (saving in energy costs)
- ❑ Promoters' comfort
- ❑ Primary security issues (existing bank may have charge on Plant & Machinery)
- ❑ Counterparty risks (suppliers, developers, technology risk)
- ❑ Higher pay back period
- ❑ NOC from the existing lenders

# Financing options across value chain



		Borrower				
P r o d u c t		Vendor	EE Equipment Manufacturer	ESCO	Client	Channel Partner
	Term Loan	✓	✓	✓	✓	✓
	ESCO Finance			✓		
	Working Capital Loan	✓	✓		✓	✓
	Structured Finance	✓	✓	✓	✓	✓

# Summary of Financial Solutions from TCCL



## **Esco Financing**

For implementation of energy efficiency projects

## **Project Funding**

For funding cash generating project level assets

## **Fixed Asset Funding (Equipment Finance)**

Finance of specific cleantech equipments e.g. windmills

## **Discounting**

Securitization of steady receivables

## **Channel Funding, PO Funding, Bills Discounting, Factoring**

Funding supply chain of a cleantech apparatus manufacturer

## **Structured Finance**

Debt which can be channeled as equity in SPVs, Convertible instruments etc

## **Debt Syndication**

Arrangement of debt by leveraging our strong network in the financial sector

## **Term and Working Capital loan**

Loans to bridge short term fund gaps

## **Finance Lease & Operating Lease**

Leasing solutions as off-balance sheet funding

Thank You

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