Notes Forming Part of Financial Statements

1. Background and operations

Tata Motors Limited referred to as ("the Company" or "Tata Motors"), designs, manufactures and sells a wide range of automotive vehicles. The Company also manufactures engines for industrial and marine applications.

The Company is a public limited Company incorporated and domiciled in India and has its registered office at Mumbai, India. As at March 31, 2018, Tata Sons Limited, together with its subsidiaries owns 36.46% of the Ordinary shares and 0.09% of 'A' Ordinary shares of the Company, and has the ability to significantly influence the Company's operations.

These standalone financial statements were approved by the Board of Directors and authorised for issue on May 23, 2018.

2. Significant accounting policies

a. Basis of preparation

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"). The financial statements have been prepared on historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

Joint operations

Certain of the Company's activities, are conducted through joint operations, which are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. As per Ind AS 111 - Joint arrangements, in its separate financial statements, the Company being a joint operator has recognised its share of the assets, liabilities, income and expenses of these joint operations incurred jointly with the other partners, along with its share of income from the sale of the output and any assets, liabilities and expenses that it has incurred in relation to the joint operation.

Although not required by Ind AS's, the Company has provided in note 46 additional information of Tata Motors Limited on a standalone basis excluding its interest in its two Joint Operations viz. Tata Cummins Private Limited and Fiat India Automobiles Private Limited.

b. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

i) Note 3 and 5 - Property, plant and equipment and Intangible assets - useful life and impairment

ii) Note 29 - Recoverability/recognition of deferred tax assets

iii) Note 27 and 28 - Provision for product warranty

iv) Note 45 - Assets and obligations relating to employee benefits

c. Revenue recognition

Revenue is measured at fair value of consideration received or receivable.

Sale of products

The Company recognises revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers or when delivered to a carrier for export sales, which is when title and risks and rewards of ownership pass to the customer.

Revenues are recognised when collectability of the resulting receivable is reasonably assured.

d. Government grants and incentives

Government grants are recognised when there is reasonable assurance that the Company will comply with the relevant conditions and the grant will be received. These are recorded at fair value where applicable.

Government grants are recognised in the statement of profit and loss, either on a systematic basis when the Company recognises, as expenses, the related costs that the grants are intended to compensate or, immediately if the costs have already been incurred.

Notes Forming Part of Financial Statements

Government grants related to assets are shown as deferred revenue and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure, and government grants that are awarded as incentives with no ongoing performance obligations to the Company are recognised as income in the period in which the grant is received.

e. Cost recognition

Costs and expenses are recognised when incurred and are classified according to their nature.

Expenditure capitalised represents employee costs, stores and other manufacturing supplies, and other expenses incurred for construction including product development undertaken by the Company.

f. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Product warranty expenses

The estimated liability for product warranties are recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The timing of outflows will vary as and when warranty claim will arise, being typically up to six years.

The Company also has back-to-back contractual arrangement with its suppliers in the event that a vehicle fault is proven to be a supplier's fault. Estimates are made of the expected reimbursement claim based upon historical levels of recoveries from suppliers, adjusted for inflation and applied to the population of vehicles under warranty as on Balance Sheet date.

Supplier reimbursements are recognised as separate asset.

g. Foreign currency

These financial statements are presented in Indian rupees, which is the functional currency of Tata Motors Limited.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date.

Exchange differences arising on settlement of transactions and translation of monetary items are recognised in the statement of Profit or Loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalised as part of borrowing costs.

h. Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the statement of Profit or Loss except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside profit or loss.

Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i. Cash & cash equivalents

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid

Notes Forming Part of Financial Statements

investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

j. Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

k. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials, components and consumables are ascertained on a moving weighted average basis. Cost, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

l. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

Freehold land is measured at cost and is not depreciated. Cost includes purchase price, taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

Interest cost incurred for constructed assets is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

Depreciation is provided on the Straight Line Method (SLM) over the estimated useful lives of the assets considering the nature, estimated usage, operating conditions, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support. Taking into account these factors, the Company has decided to retain the useful life hitherto adopted for various categories of property, plant and equipments, which are different from those prescribed in Schedule II of the Act. Estimated useful lives of assets are as follows:

Type of asset	Estimated useful life
• Buildings, Roads, Bridge and culverts	4 to 60 years
• Plant, machinery and equipment	8 to 20 years
• Computers and other IT assets	4 to 6 years
• Vehicles	4 to 10 years
• Furniture, fixtures and office appliances	5 to 15 years

The useful lives are reviewed at least at each year end. Changes in expected useful lives are treated as change in accounting estimates.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

m. Other intangible assets

Intangible assets purchased are measured at cost less accumulated amortisation and accumulated impairment, if any.

Amortisation is provided on a straight-line basis over estimated useful lives of the intangible assets as per details below:

Type of asset	Estimated amortisation period
• Technological know-how	8 to 10 years
• Software	4 years

The amortisation period for intangible assets with finite useful lives are reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates.

Internally generated intangible assets

Research costs are charged to the statement of Profit or Loss in the year in which they are incurred.

Product development costs incurred on new vehicle platform, engines, transmission and new products are recognised as intangible assets, when feasibility has been established, the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate

Notes Forming Part of Financial Statements

future economic benefits.

The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use.

Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset.

Product development costs are amortised over a period of 120 months for New Generation vehicles and powertrains on the basis of higher of the volumes between planned and actuals and on a straight line method over a period of 36 months for Vehicle Variants, Derivatives and other Regulatory Projects.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment, if any.

n. Goodwill

Cash generating units to which goodwill is allocated are tested for impairment annually at each balance sheet date, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit and then to the other assets of the unit pro rata on the basis of carrying amount of each asset in the unit. Goodwill impairment loss recognised is not reversed in subsequent period.

o. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Assets taken on finance lease

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Company's balance sheet. Payments made under operating leases are recognised in the statement of Profit or Loss on a straight-line basis over the term of the lease.

Assets given on finance lease

All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Initial direct costs in respect of lease are expensed in the period in which such costs are incurred. Income from lease assets is accounted by applying the interest rate implicit in the lease to the net investment.

p. Impairment

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of Profit or Loss.

Notes Forming Part of Financial Statements

q. Employee benefits

i) Gratuity

Tata Motors Limited and its Joint operations have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Tata Motors Limited make annual contributions to gratuity funds established as trusts. Tata Motors Limited account for the liability for gratuity benefits payable in the future based on an actuarial valuation.

ii) Superannuation

Tata Motors Limited have two superannuation plans, a defined benefit plan and a defined contribution plan. An eligible employee on April 1, 1996 could elect to be a member of either plan.

Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The monthly pension benefits after retirement range from 0.75% to 2% of the annual basic salary for each year of service. Tata Motors Limited account for superannuation benefits payable in future under the plan based on an actuarial valuation.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. Employees covered by this plan are prospectively entitled to benefits computed on a basis that ensures that the annual cost of providing the pension benefits would not exceed 15% of salary.

During the year ended March 31, 2015, the employees covered by this plan were given a one-time option to exit from the plan prospectively. Furthermore, the employees who opted for exit were given one- time option to withdraw accumulated balances from the superannuation plan.

The Company maintains a separate irrevocable trust for employees covered and entitled to benefits. The Company contributes up to 15% or ₹ 1,50,000 whichever is lower of the eligible employee's salary to the trust every year. The Company recognises such contribution as an expense when incurred and has no further obligation beyond this contribution.

iii) Bhavishya Kalyan Yojana (BKY)

Bhavishya Kalyan Yojana is an unfunded defined benefit plan for employees of Tata Motors Limited. The benefits of the plan include pension in certain cases, payable up to the date of normal superannuation had the employee been in service, to an eligible employee at the time of death or permanent disablement, while in service, either as a result of an injury or as certified by the appropriate authority. The monthly payment to dependents of the deceased/disabled employee under the plan equals 50% of the salary drawn at the time of death or accident or a specified amount, whichever is greater. Tata Motors Limited account for the liability for BKY benefits payable in the future based on an actuarial valuation.

iv) Provident fund and family pension

In accordance with Indian law, eligible employees of Tata Motors Limited and its Joint operations are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, as specified under the law, are made to the provident fund and pension fund set up as an irrevocable trust by Tata Motors Limited for its employees. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The liability toward interest is a defined benefit. There is no shortfall as at March 31, 2018.

v) Post-retirement medicare scheme

Under this unfunded scheme, employees of Tata Motors Limited receive medical benefits subject to certain limits on amounts of benefits, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Company as part of an Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. Tata Motors Limited account for the liability for post-retirement medical scheme based on an actuarial valuation.

vi) **Compensated absences**

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

vii) **Remeasurement gains and losses**

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on assets (excluding interest) relating to retirement benefit plans, are recognised directly in other comprehensive income in the period in which they arise. Remeasurement recorded in other comprehensive income is not reclassified to statement of Profit or Loss.

Actuarial gains and losses relating to long-term employee benefits are recognised in the statement of Profit or Loss in the period in which they arise.

viii) **Measurement date**

The measurement date of retirement plans is March 31.

ix) The present value of the defined benefit liability and the related current service cost and past service cost are measured using projected unit credit method.

r. Dividends

Any dividend declared by Tata Motors Limited for any financial year is based on the profits available for distribution as reported in the standalone statutory financial statements of Tata Motors Limited (without joint operations) prepared in accordance with Generally Accepted Accounting Principles in India, or Ind AS. Indian law mandates that dividend be declared out of distributable profits, after setting off un-provided losses and depreciation of previous years. In case of inadequacy or absence of profits in a particular year, a Company may pay dividend out of accumulated profits of previous years transferred to retained earnings, however in the absence of accumulated profits, Company may declare dividend out of free reserve subject to certain conditions. Accordingly, in certain years the net income reported in the financial statements may not be fully distributable. The amount available for distribution is ₹ **Nil** as at March 31, 2018 (₹ Nil as at March 31, 2017).

s. Segments

The Company is engaged mainly in the business of automobile products consisting of all types of commercial and passenger vehicles. These in the context of Ind AS 108 - operating segments reporting are considered to constitute one reportable segment.

t. Investments in subsidiaries, Joint Ventures and Associates

Investments in subsidiaries, Joint Ventures and Associates are measured at cost as per Ind AS 27 – Separate Financial Statements.

u. Financial instruments

i) **Classification, initial recognition and measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets other than equity instruments are classified into categories: financial assets at fair value through profit or loss and at amortised cost. Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Financial instruments are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Financial assets at amortised cost: Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this

Notes Forming Part of Financial Statements

category. Subsequently, these are measured at amortised cost using the effective interest method less any impairment losses.

Equity investments at fair value through other comprehensive income: These include financial assets that are equity instruments and are designated as such upon initial recognition irrevocably. Subsequently, these are measured at fair value and changes therein are recognised directly in other comprehensive income, net of applicable income taxes.

Dividends from these equity investments are recognised in the statement of Profit or Loss when the right to receive payment has been established.

When the equity investment is derecognised, the cumulative gain or loss in equity is transferred to retained earnings.

Financial assets at fair value through profit and loss: Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit and loss.

Equity instruments: An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities at fair value through profit or loss: Derivatives, including embedded derivatives separated from the host contract, unless they are designated as hedging instruments, for which hedge accounting is applied, are classified into this category. These are measured at fair value with changes in fair value recognised in the statement of Profit or Loss.

Financial guarantee contracts: These are initially measured at their fair values and, are subsequently measured at the higher of the amount of loss allowance determined or the amount initially recognised less, the cumulative amount of income recognised.

Other financial liabilities: These are measured at amortised cost using the effective interest method.

ii) **Determination of fair value:**

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

iii) **Derecognition of financial assets and financial liabilities:**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities are decrecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

iv) **Impairment of financial assets:**

The Company recognises a loss allowance for expected credit losses on a financial asset that is at amortised cost. Loss allowance in respect of financial assets is measured at an amount equal to life time expected credit losses and is calculated as the difference between their carrying amount and the present value of the expected future cash flows discounted at the original effective interest rate.

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v. **Hedge accounting**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates these forward contracts in a cash flow hedging relationship by applying the hedge accounting principles.

These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and the ineffective portion is recognised immediately in the statement of Profit or Loss. Amounts accumulated in equity are reclassified to the statement of Profit or Loss in the periods in which the forecasted transactions occur.

Forward premium in forward contract are not considered part of the hedge. These are treated as cost of hedge and the changes in fair value attributable to forward premium is recognised in the other comprehensive income along with the changes in fair value determined to be effective portion of the hedge.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained there until the forecast transaction occurs.

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is immediately transferred to the statement of Profit or Loss for the year.

w. **Recent accounting pronouncements**

Ind AS 115 - Revenue from Contracts with Customers

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the current revenue recognition guidance. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled to exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. Ind AS 115 is effective from April 1, 2018.

The Company will be adopting Ind AS 115 with a modified retrospective approach. The cumulative effect of initially applying this Standard will be recorded as an adjustment to the opening balance of retained earnings. The figures for the comparative periods will not be restated. The Company has assessed that the profit impact of Ind AS 115 adoption will not be significant to the financial statements.

Certain payouts made to dealers such as infrastructure support are to be treated as variable components of consideration and will therefore in accordance with Ind AS 115, be recognised as revenue deductions in future. These costs are presently reported as other expenses. These change in presentation in the income statement will result in decrease in both revenues and expenses.

Incentives received as Government Grants will be shown as other income which is currently presented under other operating revenues.

The introduction of the Standard will give rise to new financial statement categories in the statement of financial position, being “contract assets” and “contract liabilities.” These items can arise through advance payment received from customers or advance delivery of goods and services in excess of or ahead of billing at the contract level. In addition, disclosure requirements are extended.

Further, Ind AS 115, allows for transitional arrangements for modified and fulfilled contracts, and clarify the identification of performance obligations, principal-agent relationships, and licenses. The application of these amendments is also not expected to have any major impact on the Company’s profitability, liquidity and capital resources or financial position.

Ind AS 21 - The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transaction that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

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3. Property, plant and equipment

(₹ in crores)

	Owned assets						Given on lease		Taken on lease				
	Land	Buildings	Plant, machinery and equipment	Furniture and fixtures	Vehicles	Computers & other IT assets	Plant, machinery and equipment	Buildings	Buildings	Plant, machinery and equipment	Computers & other IT assets	Furniture and fixtures	Total
Cost as at April 1, 2017	4,574.93	3,384.43	24,767.37	243.74	186.75	639.65	38.68	4.05	31.28	36.43	178.88	4.31	**34,090.50**
Additions	-	139.65	2,191.50	14.32	95.91	39.64	-	-	-	3.52	7.28	-	**2,491.82**
Assets classified as held for sale	-	-	(2.30)	-	-	-	-	-	-	-	-	-	**(2.30)**
Assets written off	-	-	(536.82)	-	-	-	-	-	-	-	-	-	(536.82)
Disposal	-	(0.56)	(241.10)	(12.14)	(40.31)	(18.60)	(0.64)	(0.03)	-	-	-	-	**(313.38)**
Cost as at March 31, 2018	**4,574.93**	**3,523.52**	**26,178.65**	**245.92**	**242.35**	**660.69**	**38.04**	**4.02**	**31.28**	**39.95**	**186.16**	**4.31**	**35,729.82**
Accumulated depreciation as at April 1, 2017	-	(996.55)	(14,184.30)	(136.41)	(123.72)	(526.26)	(20.58)	(0.68)	(6.27)	(34.60)	(163.36)	(0.65)	**(16,193.38)**
Depreciation for the year	-	(107.66)	(1,777.03)	(13.43)	(26.93)	(34.64)	(1.32)	(0.07)	(0.51)	(0.79)	(10.70)	(0.86)	**(1,973.94)**
Assets classified as held for sale		-	1.14	-	-	-	-	-	-	-	-	-	**1.14**
Assets written off	-	-	389.09	-	-	-	-	-	-	-	-	-	**389.09**
Disposal	-	0.25	180.01	6.76	34.87	17.62	0.28	-	-	-	-	-	**239.79**
Accumulated depreciation as at March 31, 2018	-	**(1,103.96)**	**(15,391.09)**	**(143.08)**	**(115.78)**	**(543.28)**	**(21.62)**	**(0.75)**	**(6.78)**	**(35.39)**	**(174.06)**	**(1.51)**	**(17,537.30)**
Net carrying amount as at March 31, 2018	**4,574.93**	**2,419.56**	**10,787.56**	**102.84**	**126.57**	**117.41**	**16.42**	**3.27**	**24.50**	**4.56**	**12.10**	**2.80**	**18,192.52**
Cost as at April 1, 2016	4,574.93	3,247.39	22,331.38	229.53	176.75	628.72	32.88	4.05	31.28	116.42	174.26	-	**31,547.59**
Effect of merger of TML Drivelines	-	46.22	943.76	6.49	1.92	2.55	6.37	-	-	-	-	-	**1,007.31**
Cost as at April 1, 2016	4,574.93	3,293.61	23,275.14	236.02	178.67	631.27	39.25	4.05	31.28	116.42	174.26	-	**32,554.90**
Additions	-	91.19	1,626.93	11.49	24.77	40.65	0.04	-	-	-	4.62	4.31	**1,804.00**
Disposal	-	(0.37)	(134.70)	(3.77)	(16.69)	(32.27)	(0.61)	-	-	(79.99)	-	-	**(268.40)**
Cost as at March 31, 2017	4,574.93	3,384.43	24,767.37	243.74	186.75	639.65	38.68	4.05	31.28	36.43	178.88	4.31	**34,090.50**
Accumulated depreciation as at April 1, 2016	-	(877.38)	(12,072.58)	(120.91)	(111.96)	(521.59)	(17.50)	(0.59)	(5.76)	(94.72)	(151.35)	-	**(13,974.34)**
Effect of merger of TML Drivelines		(11.99)	(508.41)	(4.40)	(0.70)	(1.88)	(1.16)	-	-	-	-	-	**(528.54)**
Accumulated depreciation as at April 1, 2016	-	(889.37)	(12,580.99)	(125.31)	(112.66)	(523.47)	(18.66)	(0.59)	(5.76)	(94.72)	(151.35)	-	**(14,502.88)**
Depreciation for the year	-	(107.28)	(1,724.37)	(12.95)	(24.84)	(35.05)	(2.15)	(0.09)	(0.51)	(19.87)	(12.01)	(0.65)	**(1,939.77)**
Disposal	-	0.10	121.06	1.85	13.78	32.26	0.23	-	-	79.99	-	-	**249.27**
Accumulated depreciation as at March 31, 2017	-	(996.55)	(14,184.30)	(136.41)	(123.72)	(526.26)	(20.58)	(0.68)	(6.27)	(34.60)	(163.36)	(0.65)	**(16,193.38)**
Net carrying amount as at March 31, 2017	**4,574.93**	**2,387.88**	**10,583.07**	**107.33**	**63.03**	**113.39**	**18.10**	**3.37**	**25.01**	**1.83**	**15.52**	**3.66**	**17,897.12**

Notes:

a) Building include ₹ **8,631.00** (as at March 31, 2017 ₹ 8,631.00) being value of investments in shares of Co-operative Housing Societies.

b) Land includes ₹ **525.80 crores** for which transfer of title is pending.

Notes Forming Part of Financial Statements

4. Leases

The Company has taken land, buildings, plant and equipment, computers and furniture and fixtures under operating and finance leases. The following is the summary of future minimum lease rental payments under non-cancellable operating leases and finance leases entered into by the Company:

(₹ in crores)

	As at March 31, 2018			As at March 31, 2017		
	Operating	Finance		Operating	Finance	
	Minimum Lease Payments	Minimum Lease Payments	Present value of minimum lease payments	Minimum Lease Payments	Minimum Lease Payments	Present value of minimum lease payments
Not later than one year	0.40	6.56	5.78	0.97	8.65	8.36
Later than one year but not later than five years	1.62	9.61	8.62	1.62	9.97	9.44
Later than five years	29.50	1.70	1.43	29.90	-	-
Total minimum lease commitments	**31.52**	**17.87**	**15.83**	**32.49**	**18.62**	**17.80**
Less: future finance charges		(2.04)			(0.82)	
Present value of minimum lease payments		**15.83**			**17.80**	
Included in the financial statements as:						
Other financial liabilities - current (refer 26)			5.78			8.36
Other financial liabilities - non-current (refer 25)			10.05			9.44
			15.83			**17.80**

Total operating lease rent expenses were ₹ **77.45** crores and ₹ 28.79 crores for the years ended March 31, 2018 and 2017, respectively.

The Company has given plant and equipment under finance leses. The following is the summary of future minimum lease payments receivables for assets given on finance leases by the Company:

	As at March 31, 2018		As at March 31, 2017	
	Minimum lease payments receivables	Present value of minimum lease payments receivables	Minimum lease payments receivables	Present value of minimum lease payments receivables
Not later than one year	33.95	12.04	-	-
Later than one year but not later than five years	117.01	37.44	-	-
Later than five years	78.74	80.00	-	-
Total minimum lease payments receivables	**229.70**	**129.48**	**-**	**-**
Less: unearned finance income	(100.22)		-	
Present value of minimum lease payments receivables	**129.48**		**-**	
Included in the financial statements as:				
Other financial assets - current (refer 13)		12.04		-
Other financial assets - non-current (refer 12)		117.44		-
		129.48		**-**

Notes Forming Part of Financial Statements

5. (a) Other Intangible assets

(₹ in crores)

	Technical know how	Computer Software	Product development	Total
Cost as at April 1, 2017	349.15	542.24	4,804.98	5,696.37
Additions	42.09	31.95	1,633.95	1,707.99
Fully amortised not in use	-	(1.27)	-	(1.27)
Assets classified as held for sale	-	-	(66.29)	(66.29)
Cost as at March 31, 2018	**391.24**	**572.92**	**6,372.64**	**7,336.80**
Accumulated amortisation as at April 1, 2017	(156.65)	(492.10)	(2,270.91)	(2,919.66)
Amortisation for the year	(39.12)	(28.45)	(1,060.38)	(1,127.95)
Fully amortised not in use	-	1.27	-	1.27
Assets classified as held for sale	-	-	21.68	21.68
Accumulated amortisation as at March 31, 2018	**(195.77)**	**(519.28)**	**(3,309.61)**	**(4,024.66)**
Net carrying amount as at March 31, 2018	**195.47**	**53.64**	**3,063.03**	**3,312.14**
Cost as at April 1, 2016	**348.91**	**513.06**	**6,796.77**	**7,658.74**
Effect of merger of TML drivelines	-	8.71	-	8.71
Cost as at April 1, 2016	**348.91**	**521.77**	**6,796.77**	**7,667.45**
Additions	0.24	20.47	445.97	466.68
Fully amortised not in use	-	-	(2,437.76)	(2,437.76)
Cost as at March 31, 2017	**349.15**	**542.24**	**4,804.98**	**5,696.37**
Accumulated amortisation as at April 1, 2016	**(123.45)**	**(459.13)**	**(3,672.69)**	**(4,255.27)**
Effect of merger of TML drivelines	-	(4.96)	-	(4.96)
Accumulated amortisation as at April 1, 2016	**(123.45)**	**(464.09)**	**(3,672.69)**	**(4,260.23)**
Amortisation for the year	(33.20)	(28.01)	(1,035.98)	(1,097.19)
Fully amortised not in use	-	-	2,437.76	2,437.76
Accumulated amortisation as at March 31, 2017	**(156.65)**	**(492.10)**	**(2,270.91)**	**(2,919.66)**
Net carrying amount as at March 31, 2017	**192.50**	**50.14**	**2,534.07**	**2,776.71**

(b) Intangible assets under development

	For the year ended March 31,	
	2018	2017
Balance at the beginning	**5,368.38**	**4,133.93**
Additions	1,634.69	1,813.10
Capitalised during the year	(1,644.55)	(447.91)
Assets classified as held for sale	(177.56)	-
Write off/provision for impairment	(1,355.81)	(130.74)
Balance at the end	**3,825.15**	**5,368.38**

Notes Forming Part of Financial Statements

6. Investments in subsidiaries, joint ventures and associates measured at cost - non-current

(₹ in crores)

Number		Face value per unit	Description	As at March 31, 2018		As at March 31, 2017	
			Equity shares				
			i) Subsidiaries				
			Unquoted				
-		-	Tata Technologies Ltd [Note 7(1)]	-		224.10	
6,36,97,694		10	Concorde Motors (India) Ltd [Note 3]	109.63		109.63	
-		-	TAL Manufacturing Solutions Ltd [Note 7(1)]	-		200.00	
-		-	Tata Motors Insurance Broking and Advisory Services Ltd [Note 71(1) and Note 7(2)]	-		19.31	
5,39,98,427	(GBP)	1	Tata Motors European Technical Centre PLC, (UK) [Note 2]	474.90		474.90	
7,900		-	Tata Technologies Inc, (USA)	0.63		0.63	
1,40,47,35,056		10	Tata Motors Finance Ltd [85,714,285 shares acquired during the year]	2,800.00		2,500.00	
8,67,00,000		10	Tata Marcopolo Motors Ltd	86.70		86.70	
22,50,00,000		10	TML Distribution Company Ltd	225.00		225.00	
2,51,16,59,418	(GBP)	1	TML Holdings Pte Ltd, (Singapore)	10,158.52		10,158.52	
1,34,523	(EUR)	31.28	Tata Hispano Motors Carrocera S.A., (Spain)	17.97		17.97	
1,220	(IDR)	8,855	PT Tata Motors Indonesia	0.01		0.01	
2,02,000	(MAD)	1,000	Tata Hispano Motors Carroceries Maghreb S.A., (Morocco)	49.59		49.59	
1,83,59,203	(SGD)	1	Tata Precision Industries Pte. Ltd, (Singapore)	40.53		40.53	
			Trilix Srl., Turin (Italy) [Note 4]	11.94		11.94	
1,00,000	(NGN)	1	TMNL Motor Services Nigeria Ltd	- #		- #	
				13,975.42		**14,118.83**	
			Less: Provision for impairment of long-term investments	(214.28)	**13,761.14**	(214.28)	**13,904.55**
			ii) Associates				
			Quoted				
29,82,214		10	Automobile Corporation of Goa Ltd	108.22		108.22	
			Unquoted				
16,000	(TK)	1,000	NITA Co. Ltd (Bangladesh)	1.27		1.27	
5,23,33,170		10	Tata AutoComp Systems Ltd	77.47		77.47	
-		-	Tata Hitachi Construction Machinery Company Private Ltd (Note 7(1))	-	**186.96**	238.50	**425.46**
			iii) Joint Ventures (JV)				
			Unquoted				
25,00,000		10	JT Special Vehicle (P) Ltd (24,95,000 shares acquired during the year)	2.50	2.50	0.01	0.01
			TOTAL		**13,950.60**		**14,330.02**

 # less than ₹ 50,000/-

Notes:

		As at March 31, 2018	As at March 31, 2017
(1)	Market Value of quoted investments.	332.65	189.16

(2) The Company had given a letter of comfort to ANZ Bank, London for GBP 2 million (₹ **18.46 crores** as at March 31, 2018) against loan extended by the bank to Tata Motors European Technical Centre PLC. UK (TMETC). Also the Company has given an undertaking to ANZ Bank, London to retain 51% ownership of TMETC at all times during the tenor of the loan.

(3) The Company has given a letter of comfort to Tata Capital Financial Services Ltd amounting to ₹ 15.00 crores against credit facility extended to Concorde Motors (India) Ltd (CMIL). The Company will not dilute its stake in CMIL below 100% during the tenor of the facility.

(4) Trilix Srl., Turin (Italy) is a limited liability Company.

Notes Forming Part of Financial Statements

7. Investments in subsidiaries and associate (held for sale) - carried at lower of cost or net-realisable value - current

Number	Face value per unit	Description	As at March 31, 2018	As at March 31, 2017
		Equity shares		
		Subsidiaries		
		Unquoted		
3,03,00,600	10	Tata Technologies Ltd (refer note 1 below)	224.10	-
11,50,00,000	10	TAL Manufacturing Solutions Ltd (refer note 1 below)	200.00	-
50,00,000	10	Tata Motors Insurance Broking and Advisory Services Ltd [refer note 1 & 2 below] (25,00,000 Bonus shares during the year)	19.31	-
		Total	**443.41**	**-**
		Associates		
		Unquoted		
4,54,28,572	10	Tata Hitachi Construction Machinery Company Private Ltd (refer note 1 below)	238.50	-
		Total	**681.91**	**-**

Note:

(1) The investment in the Company's subsidiaries Tata Technologies Ltd, TAL Manufacturing Solutions Ltd and Tata Motors Insurance Broking and Advisory Services Ltd and associate Tata Hitachi Construction Machinery Company Private Ltd are classified as "Held for Sale" as they meet the criteria laid out under Ind AS 105.

(2) The Company has given a letter of comfort to HDFC bank amounting to ₹ 1 crore against Working Capital Facility to Tata Motors Insurance Broking and Advisory Services Ltd (TMIBASL). Also the Company has given an undertaking to HDFC bank that it will not dilute its stake below 51% in TMIBASL during the tenor of the loan.

Notes Forming Part of Financial Statements

8. Investments-non-current

(₹ in crores)

Number	Face value per unit	Description	As at March 31, 2018		As at March 31, 2017	
		Investment in equity shares measured at fair value through other comprehensive income				
		Quoted				
-	-	Tata Steel Ltd [Note 9 (a)]	-		213.96	
-	-	Tata Chemicals Ltd [Note 9 (a)]	-	-	4.22	218.18
		Unquoted				
50,000	1,000	Tata International Ltd	28.85		28.85	
1,383	1,000	Tata Services Ltd	0.14		0.14	
350	900	The Associated Building Company Ltd	0.01		0.01	
1,03,10,242	100	Tata Industries Ltd	183.19		183.19	
33,600	100	Kulkarni Engineering Associates Ltd	-		-	
12,375	1,000	Tata Sons Ltd	68.75		68.75	
2,25,00,001	10	Haldia Petrochemicals Ltd	22.50		22.50	
2,40,000	10	Oriental Floratech (India) Pvt. Ltd	-		-	
43,26,651	15	Tata Capital Ltd	6.70		6.70	
50,000	10	NICCO Jubilee Park Ltd	0.05	310.19	0.05	310.19
		TOTAL		**310.19**		**528.37**

Note:

a) **Investment in equity shares measured at fair value through other comprehensive income also include:**

(Amount in ₹)

Number	Face value per unit	Description	As at March 31, 2018	As at March 31, 2017
-	-	Metal Scrap Trade Corporation Ltd	-	25,000
50	5	Jamshedpur Co-operative Stores Ltd	250	250
16,56,517	(M$) 1	Tatab Industries Sdn. Bhd., (Malaysia)	1	1
4	25,000	ICICI Money Multiplier Bond	1	1
100	10	Optel Telecommunications	1,995	1,995
-	-	Punjab Chemicals	-	1

b)

(₹ in crores)

	As at March 31, 2018	As at March 31, 2017
(1) Book Value of quoted investments	-	218.18
(2) Book Value of unquoted investments	310.19	310.19
(3) Market Value of quoted investments	-	218.18

Notes Forming Part of Financial Statements

9. Investments-current

(₹ in crores)

Number	Face value per unit	Description	As at March 31, 2018		As at March 31, 2017	
		Investments in Mutual funds measured at Fair value through profit and loss				
		Unquoted				
		Mutual funds		1,517.03		2,437.42
		Investment in equity shares measured at fair value through other comprehensive income				
		Quoted				
51,41,696	10	Tata Steel Ltd (709,199 rights issue during the year) (note (a) below)	293.62		-	
3,54,599	10	Tata Steel Ltd (Partly Paid) (354,599 rights issue during the year) (note (a) below)	5.46		-	
70,249	10	Tata Chemicals Ltd (note (a) below)	4.76	303.84	-	-
		TOTAL		**1,820.87**		**2,437.42**

Note:

a) **The Investment in Tata Steel Ltd and Tata Chemicals Ltd are classified as current investments.**

b) **Investment in equity shares measured at fair value through other comprehensive income also include:**

(Amount in ₹)

Number	Face value per unit	Description	As at March 31, 2018	As at March 31, 2017
80,000	10	Metal Scrap Trade Corporation Ltd	25,000	-
200	10	Punjab Chemicals	1	-

c)

(₹ in crores)

	As at March 31, 2018	As at March 31, 2017
(1) Book Value of quoted investments	303.84	-
(2) Market Value of quoted investments	303.84	-
(3) Book Value of unquoted investments	1,517.03	2,437.42

Notes Forming Part of Financial Statements

10. Loans and advances- non current

(₹ in crores)

		As at March 31, 2018		As at March 31, 2017
Unsecured :				
(a) Loans to employees		27.23		24.77
(b) Loan to subsidiaries				
Considered good	12.04		12.04	
Considered doubtful	585.75		585.75	
	597.79		**597.79**	
Less : Allowances for doubtful loans	(585.75)	12.04	(585.75)	12.04
(c) Dues from subsidiary companies, Considered doubtful				
Tata Hispano Motors Carrocera S.A.	53.74		53.74	
Less : Allowances for doubtful dues	(53.74)	-	(53.74)	-
(d) Deposits		58.37		68.57
(e) Others				
Considered good	46.32		286.08	
Considered doubtful	7.30		16.41	
	53.62		**302.49**	
Less : Allowances for doubtful loans and advances	(7.30)	46.32	(16.41)	286.08
Total		**143.96**		**391.46**

11. Loans and advances- current

	As at March 31, 2018	As at March 31, 2017
Secured :		
Finance receivables (net of provision of ₹ **7.22** crores and ₹ 6.86 crores as at March 31, 2018 and 2017, respectively)	15.79	16.19
Unsecured :		
(a) Advances and other receivables (net of provision of ₹ **123.15** crores and ₹ 87.04 crores as at March 31, 2018 and 2017, respectively)	68.03	82.59
(b) Inter corporate deposits - Considered good	-	60.00
(c) Dues from subsidiary companies (Note below)	17.23	22.79
(d) Loan to subsidiary company (Tata Motors European Technical Centre Plc, UK)	39.22	34.39
TOTAL	**140.27**	**215.96**

Note:

	As at March 31, 2018	As at March 31, 2017
Dues from subsidiary companies:		
(a) PT Tata Motors Indonesia	4.53	6.78
(b) Concorde Motors (India) Ltd	2.78	-
(c) Tata Motors Insurance Broking and Advisory Services Ltd	0.05	0.07
(d) Tata Motors (SA) (Proprietary) Ltd	0.80	5.17
(e) Tata Motors Nigeria Ltd	0.20	0.20
(f) PT Tata Motors Distribusi Indonesia	2.36	2.11
(g) Jaguar Land Rover Ltd	-	1.21
(h) Tata Daewoo Commercial Vehicle Co. Ltd	-	0.24
(i) Tata Motors (Thailand) Ltd	6.51	6.12
(j) Tata Motors European Technical Centre PLC	-	0.02
(k) Tata Motors Finance Ltd	-	0.01
(l) TML Holdings Pte Ltd	-	0.86
	17.23	**22.79**

Notes Forming Part of Financial Statements

12. Other financial assets - non-current

(₹ in crores)

		As at March 31, 2018	As at March 31, 2017
(a)	Derivative financial instruments	200.13	190.75
(b)	Restricted deposits	3.98	3.94
(c)	Finance lease receivable	117.44	-
(d)	Government grants	467.14	-
(e)	Others	4.71	1.63
	Total	**793.40**	**196.32**

13. Other financial assets - current

		As at March 31, 2018	As at March 31, 2017
(a)	Derivative financial instruments	42.21	100.35
(b)	Interest accrued on loans and deposits	0.59	1.19
(c)	Term / Fixed deposits other than banks	-	40.00
(d)	Finance lease receivable	12.04	-
(e)	Interim dividend	42.37	-
(f)	Government grants	411.40	-
(g)	Others	137.70	-
	Total	**646.31**	**141.54**

14. Other non-current assets

		As at March 31, 2018	As at March 31, 2017
(a)	Capital advances	285.54	561.01
(b)	Taxes recoverable, statutory deposits and dues from government	931.39	998.39
(c)	Prepaid lease rental on operating lease	127.74	128.86
(d)	Recoverable from Insurance companies	185.99	150.00
(e)	Others	15.73	20.19
	Total	**1,546.39**	**1,858.45**

15. Other current assets

		As at March 31, 2018	As at March 31, 2017
(a)	Advance to suppliers and contractors	234.65	242.73
(b)	Taxes recoverable, statutory deposits and dues from government	1,047.35	1,445.97
(c)	Prepaid expenses	94.00	105.16
(d)	Recoverable from Insurance companies	26.97	20.84
(e)	Others	36.76	10.35
	Total	**1,439.73**	**1,825.05**

Notes Forming Part of Financial Statements

16. Inventories

(₹ in crores)

		As at March 31, 2018	As at March 31, 2017
(a)	Raw materials and components	2,216.20	1,510.40
(b)	Work-in-progress	787.02	825.60
(c)	Finished goods	2,014.37	2,817.80
(d)	Stores and spare parts	201.69	195.57
(e)	Consumable tools	43.31	38.39
(f)	Goods-in-transit - Raw materials and components	407.54	165.25
	Total	**5,670.13**	**5,553.01**

During the year ended March 31, 2018 and 2017, the Company recorded inventory write-down expenses of ₹ **162.87 crores** and ₹ 180.70 crores, respectively.

Cost of inventories (including cost of purchased products) recognised as expense during the year ended March 31, 2018 and 2017 amounted to ₹ **50,328.14 crores** and ₹ 44,238.04 crores, respectively.

17. Trade receivables-unsecured

	As at March 31, 2018	As at March 31, 2017
Considered good	3,479.81	2,128.00
Considered doubtful	543.50	693.17
	4,023.31	**2,821.17**
Less : Allowances for doubtful debts	(543.50)	(693.17)
Total	**3,479.81**	**2,128.00**

18. Allowance for trade receivables, loans and other receivables

	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at the beginning	1,447.55	1,432.44
Allowances made/(reversed) during the year	(109.19)	133.72
Written off	(15.85)	(118.61)
Balance at the end	**1,322.51**	**1,447.55**

19. Cash and cash equivalents

		As at March 31, 2018	As at March 31, 2017
(a)	Cash on hand	0.14	0.38
(b)	Cheques on hand	242.77	0.79
(c)	Balances with banks (refer note below)	303.91	118.32
(d)	Deposits with banks	-	109.45
		546.82	**228.94**
Note:			
	Includes remittances in transit	145.17	60.91

Notes Forming Part of Financial Statements

20. Other bank balances

(₹ in crores)

		As at March 31, 2018	As at March 31, 2017
	With upto 12 months maturity:		
(a)	Earmarked balances with banks (refer note below)	248.53	86.60
(b)	Bank deposits	0.07	11.07
	Total	**248.60**	**97.67**

Note:

Earmarked balances with banks as at March 31, 2018 of ₹ **163.50 crores** (as at March 31, 2017 ₹ 67.50 crores) is held as security in relation to repayment of borrowings.

21. Equity Share Capital

			As at March 31, 2018	As at March 31, 2017
(a)	**Authorised:**			
	(i)	**400,00,00,000** Ordinary shares of ₹ 2 each	800.00	700.00
		(as at March 31, 2017: 350,00,00,000 Ordinary shares of ₹ 2 each)		
	(ii)	**100,00,00,000** 'A' Ordinary shares of ₹ 2 each	200.00	200.00
		(as at March 31, 2017: 100 ,00,00,000 'A' Ordinary shares of ₹ 2 each)		
	(iii)	**30,00,00,000** Convertible Cumulative Preference shares of ₹ 100 each	3,000.00	3,000.00
		(as at March 31, 2017: 30,00,00,000 shares of ₹ 100 each)		
		Total	**4,000.00**	**3,900.00**
(b)	**Issued [Note (h)]:**			
	(i)	**288,78,43,046** Ordinary shares of ₹ 2 each	577.57	577.57
		(as at March 31, 2017: 288,78,43,046 Ordinary shares of ₹ 2 each)		
	(ii)	**50,87,36,110** 'A' Ordinary shares of ₹ 2 each	101.75	101.75
		(as at March 31, 2017: 50,87,36,110 'A' Ordinary shares of ₹ 2 each)		
		Total	**679.32**	**679.32**
(c)	**Subscribed and called up:**			
	(i)	**288,73,48,694** Ordinary shares of ₹ 2 each	577.47	577.47
		(as at March 31, 2017: 288,73,48,428 Ordinary shares of ₹ 2 each)		
	(ii)	**50,85,02,371** 'A' Ordinary shares of ₹ 2 each	101.70	101.70
		(as at March 31, 2017: 50,85,02,291 'A' Ordinary shares of ₹ 2 each)		
			679.17	**679.17**
(d)	**Calls unpaid - Ordinary shares**			
	310 Ordinary shares of ₹ 2 each (₹ 1 outstanding on each) and **260** Ordinary shares of ₹ 2 each (₹ 0.50 outstanding on each)		(0.00)	(0.00)
	(as at March 31, 2017: 310 Ordinary shares of ₹ 2 each (₹ 1 outstanding on each) and 260 Ordinary shares of ₹ 2 each (₹ 0.50 outstanding on each)			
(e)	**Paid-up (c+d):**		679.17	679.17
(f)	**Forfeited - Ordinary shares**		0.05	0.05
	Total (e+f)		**679.22**	**679.22**

Notes Forming Part of Financial Statements

(g) The movement of number of shares and share capital

	Year ended March 31, 2018		Year ended March 31, 2017	
	(No. of shares)	(₹ in crores)	(No. of shares)	(₹ in crores)
(i) Ordinary shares				
Balance as at April 1	288,73,48,428	577.47	288,72,03,602	577.44
Add: Allotment of shares held in abeyance	266	0.00 *	1,44,826	0.03
Balance as at March 31	**288,73,48,694**	**577.47**	**288,73,48,428**	**577.47**
(ii) 'A' Ordinary shares				
Balance as at April 1	50,85,02,291	101.70	50,84,76,704	101.70
Add: Allotment of shares held in abeyance	80	0.00 *	25,587	0.00
Balance as at March 31	**50,85,02,371**	**101.70**	**50,85,02,291**	**101.70**

** less than ₹ 50,000/-*

(h) The entitlements to **494,352** Ordinary shares of ₹ 2 each (as at March 31, 2017 : 494,618 Ordinary shares of ₹ 2 each) and **233,739** 'A' Ordinary shares of ₹ 2 each (as at March 31, 2017: 233,819 'A' Ordinary shares of ₹ 2 each) are subject matter of various suits filed in the courts / forums by third parties for which final order is awaited and hence kept in abeyance.

(i) Rights, preferences and restrictions attached to shares:

(i) Ordinary shares and 'A' Ordinary shares both of ₹ 2 each :

- The Company has two classes of shares – the Ordinary shares and the 'A' Ordinary shares both of ₹ 2 each (together referred to as shares). In respect of every Ordinary share (whether fully or partly paid), voting rights shall be in the same proportion as the capital paid up on such Ordinary share bears to the total paid up Ordinary share capital of the Company. In case of every 'A' Ordinary share, if any resolution is put to vote on a poll or by postal ballot at any general meeting of shareholders, the holder shall be entitled to one vote for every ten 'A' Ordinary shares held as per the terms of its issue and if a resolution is put to vote on a show of hands, the holder of 'A' Ordinary shares shall be entitled to the same number of votes as available to holders of Ordinary shares.
- The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Further, the Board of Directors may also declare an interim dividend. The holders of 'A' Ordinary shares shall be entitled to receive dividend for each financial year at five percentage point more than the aggregate rate of dividend declared on Ordinary shares for that financial year.
- In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) American Depository Shares (ADSs) and Global Depository Shares (GDSs) :

- Each ADS and GDS underlying the ADR and GDR respectively represents five Ordinary shares of ₹ 2 each. A holder of ADS and GDS is not entitled to attend or vote at shareholders meetings. An ADS holder is entitled to issue voting instructions to the Depository with respect to the Ordinary shares represented by ADSs only in accordance with the provisions of the Company's ADSs deposit agreement and Indian Law. The depository for the ADSs and GDSs shall exercise voting rights in respect of the deposited shares by issue of an appropriate proxy or power of attorney in terms of the respective deposit agreements.
- Shares issued upon conversion of ADSs and GDSs will rank pari passu with the existing Ordinary shares of ₹ 2 each in all respects including entitlement of the dividend declared.

TATA

Notes Forming Part of Financial Statements

(j) Number of shares held by each shareholder holding more than 5 percent of the issued share capital :

			As at March 31, 2018		As at March 31, 2017	
			% of Issued Share Capital	**No. of Shares**	% of Issued Share Capital	No. of Shares
(i)	**Ordinary shares :**					
	(a)	Tata Sons Ltd	32.72%	96,13,81,852	28.71%	82,89,70,378
	(b)	Life Insurance Corporation of India	5.08%	14,92,95,627	5.18%	14,94,23,428
	(c)	Citibank N.A. as Depository	#	43,70,24,750	#	53,04,96,280
(ii)	**'A' Ordinary shares :**					
	(a)	HDFC Trustee Company Ltd-HDFC Equity Fund	*	34,40,000	8.19%	4,16,71,282
	(b)	Franklin Templeton Mutual Fund	*	1,42,99,041	5.96%	3,03,29,225
	(c)	ICICI Prudential Balanced Advantage Fund	9.44%	4,79,98,379	-	-
	(d)	Franklin India Smaller Companies Fund	8.74%	4,44,31,036	-	-
	(e)	HDFC Large Cap Fund	5.15%	2,62,02,083	-	-
	(f)	Government Of Singapore	6.78%	3,44,87,840	*	2,16,02,490

\# *held by Citibank, N.A. as depository for American Depository Receipts (ADRs) and Global Depository Receipts (GDRs)*

* *Less than 5%*

(k) Information regarding issue of shares in the last five years

(a) The Company has not issued any shares without payment being received in cash.

(b) The Company has not issued any bonus shares.

(c) The Company has not undertaken any buy-back of shares.

22. A) Other components of equity

(a) The movement of Equity instruments through Other Comprehensive Income is as follows:

(₹ in crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning	(27.12)	(100.96)
Other comprehensive income for the year	44.04	73.84
Balance at the end	**16.92**	**(27.12)**

(b) The movement of Hedging reserve is as follows:

Balance at the beginning	11.26	7.39
Gain/(loss) recognised on cash flow hedges	(4.80)	17.22
Income tax relating to gain/loss recognised on cash flow hedges	1.66	(5.97)
(Gain)/loss reclassified to profit or loss	(17.22)	(11.30)
Income tax relating to gain/loss reclassified to profit or loss	5.96	3.92
Balance at the end	**(3.14)**	**11.26**

Notes Forming Part of Financial Statements

(₹ in crores)

(c) **The movement of Cost of Hedging reserve is as follows:**

	Year ended March 31, 2018	Year ended March 31, 2017
Balance at the beginning	11.38	-
Gain/(loss) recognised on cash flow hedges	19.86	17.40
Income tax relating to gain/loss recognised on cash flow hedges	(6.87)	(6.02)
(Gain) / loss reclassified to profit or loss	(17.40)	-
Income Tax relating to (gain) / loss reclassified to profit or loss	6.02	-
Balance at the end	**12.99**	**11.38**
(d) Summary of Other components of equity:		
Equity instruments through other comprehensive income	16.92	(27.12)
Hedging reserve	(3.14)	11.26
Cost of hedging reserve	12.99	11.38
Total	**26.77**	**(4.48)**

(B) Notes to reserves

a) Capital redemption reserve

The Indian Companies Act, 2013 (the "Companies Act") requires that where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the company, in paying up unissued shares of the company to be issued to shareholders of the company as fully paid bonus shares. Tata Motors Limited established this reserve pursuant to the redemption of preference shares issued in earlier years.

b) Debenture redemption reserve

The Companies Act requires that where a company issues debentures, it shall create a debenture redemption reserve out of profits of the company available for payment of dividend. The company is required to maintain a Debenture Redemption Reserve of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve may not be utilised by the company except to redeem debentures.

c) Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium Account.

d) Retained earnings

Retained earnings are the profits that the Company has earned till date.

e) Dividends

For the year ended March 31, 2018 and 2017, considering the losses in the Tata Motors Limited (Standalone), no dividend is permitted to be paid to the Members, as per the Companies Act, 2013 and the Rules framed thereunder.

Notes Forming Part of Financial Statements

23. Long-term borrowings

(₹ in crores)

	As at March 31, 2018	As at March 31, 2017
Secured:		
(a) Privately placed Non-Convertible Debentures (refer note I (i) (a) and I (ii) (a))	200.00	700.00
(b) Term loans:		
(i) from banks (refer note I (i) (c))	635.45	621.57
(ii) others (refer note I (i) (b))	144.75	130.16
(c) Finance lease obligations	10.05	9.44
	990.25	**1,461.17**
Unsecured:		
(a) Privately placed Non-Convertible Debentures (refer note I (ii) (b))	6,307.37	5,898.57
(b) Term loan from banks		
Buyer's line of credit (at floating interest rate) (refer note I (iv))	1,000.00	1,500.00
(c) Senior notes (refer note I (iii))	4,858.29	4,826.35
	12,165.66	**12,224.92**
Total	**13,155.91**	**13,686.09**

24. Short-term borrowings

	As at March 31, 2018	As at March 31, 2017
Secured:		
Loans from banks (refer note II)	1,454.11	1,662.95
	1,454.11	**1,662.95**
Unsecured:		
(a) Loans from banks	13.62	46.33
(b) Inter corporate deposits from subsidiaries and associates	203.75	177.00
(c) Commercial paper	1,428.39	3,272.24
	1,645.76	**3,495.57**
Total	**3,099.87**	**5,158.52**

I. Information regarding long-term borrowings

(i) Nature of security (on loans including interest accrued thereon) :

(a) Rated, Listed, Secured, 9.95% Coupon, Non-Convertible Debentures amounting to ₹ 200 crores included within Long-term borrowings in note 23 and 10.25% Coupon, Non-Convertible Debentures amounting to ₹ 500 crores included within Current maturities of Long-term borrowings in note 26 are secured by a pari passu charge by way of an English mortgage of the Company's freehold land together with immovable properties, plant and machinery and other movable assets (excluding stock and book debts) situated at Sanand in the State of Gujarat.

(b) The term loan of ₹ 584.82 crores (recorded in books at ₹ 133.39 crores) is due for repayment from the quarter ending March 31, 2033 to quarter ending March 31, 2038, along with simple interest at the rate of 0.10% p.a. The loan is secured by a second and subservient charge (creation of charge is under process) over Company's freehold land together with immovable properties, plant and machinery and other movable assets (excluding stock and book debts) situated at Sanand plant in the State of Gujarat.

The term loan of ₹ 35.92 crores (recorded in books at ₹ 11.36 crores) is due for repayment from the quarter ending June 30, 2030 to March 31, 2033, along with a simple interest of 0.01% p.a. The loan is secured by bank guarantee for the due performance of the conditions as per the terms of the agreement.

(c) Term loan of ₹ 635.45 is taken by joint operation Fiat India Automobiles Private Ltd which is due for repayment from December 2017 to May 2023. The loan is secured by first charge over fixed assets procured from its loan/jeep project.

Notes Forming Part of Financial Statements

ii) Schedule of repayment and redemption for Non-Convertible Debentures :

(₹ in crores)

	Non-Convertible Debentures (NCDs)	Redeemable on		Principal
(a)	**Secured :**			
	10.25% Non-Convertible Debentures (2025) #	April 30, 2025		150.00
	10.25% Non-Convertible Debentures (2024) #	April 30, 2024		150.00
	10.25% Non-Convertible Debentures (2023) #	April 30, 2023		100.00
	10.25% Non-Convertible Debentures (2022) #	April 30, 2022		100.00
	9.95% Non-Convertible Debentures (2020)	March 2, 2020		200.00
	# The Company has exercised call option to redeem in full, at the end of 8th year from the date of allotment i.e. on April 30, 2018, hence classified as other financial liabilities-current.			

(₹ in crores)

	Non-Convertible Debentures (NCDs)	Redeemable on		Principal
(b)	**Unsecured :**			
	9.77% Non-Convertible Debentures (2024)	September 12, 2024		200.00
	9.81% Non-Convertible Debentures (2024)	August 20, 2024		300.00
	9.35% Non-Convertible Debentures (2023)	November 10, 2023		400.00
	9.60% Non-Convertible Debentures (2022)	October 29, 2022		400.00
	7.71% Non-Convertible Debentures (2022)	March 3, 2022		500.00
	7.50% NCD due 2022(E27H Series)	June 22, 2022		500.00
	9.02% Non-Convertible Debentures (2021)	December 10, 2021		300.00
	7.50% Non-Convertible Debentures (2021)	October 20, 2021		300.00
	7.84% Non-Convertible Debentures (2021)	September 27, 2021		500.00
	8.40% Non-Convertible Debentures (2021)	May 26, 2021		300.00
	7.40% NCD due 2021(E27I Series Tranche 2)	June 29, 2021		500.00
	9.73% Non-Convertible Debentures (2020)	October 1, 2020		400.00
	9.70% Non-Convertible Debentures (2020)	June 18, 2020		150.00
	9.75% Non-Convertible Debentures (2020)	May 24, 2020		100.00
	9.90% Non-Convertible Debentures (2020)	May 7, 2020		150.00
	7.28% NCD due 2020(E27I Series Tranche 1)	July 29, 2020		500.00
	9.71% Non-Convertible Debentures (2019)	October 1, 2019		300.00
	8.00% Non-Convertible Debentures (2019)	August 1, 2019		400.00
	10.00% Non-Convertible Debentures (2019)	May 28, 2019		110.00
	9.69% Non-Convertible Debentures (2019)	March 29, 2019	*	200.00
	8.25% Non-Convertible Debentures (2019)	January 28, 2019	*	300.00
	10.30% Non-Convertible Debentures (2018)	November 30, 2018	*	190.00
	8.13% Non-Convertible Debentures (2018)	July 18, 2018	*	400.00
	Debt issue cost			(2.63)

* Classified as other financial liabilities-current being maturity before March 31, 2019.

Notes Forming Part of Financial Statements

(iii) Schedule of repayment of Senior Notes:

(₹ in crores)

	Redeemable on	Currency	Amount (in million)	As at March 31, 2018	As at March 31, 2017
4.625% Senior Notes	April 30, 2020	USD	500	3,238.86	3,230.54
5.750% Senior Notes	October 30, 2024	USD	250	1,619.43	1,595.81
				4,858.29	**4,826.35**

(iv) The Buyer's line of credit from banks amounting to ₹ 1,500 crores is repayable within a maximum period of four years from the drawdown dates. All the repayments are due from quarter ending September 30, 2018 to March 31, 2021. The Buyer's line of credit of ₹ 500 crores classified under other financial liabilities-current being maturity before March 31, 2019.

II. Information regarding short-term borrowings

Loans, cash credits, overdrafts and buyers line of credit from banks are secured by hypothecation of existing current assets of the Company viz. stock of raw materials, stock in process, semi-finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts including receivable from hire purchase / leasing and all other moveable current assets except cash and bank balances, loans and advances of the Company both present and future.

III. Collateral

Inventory, trade receivables, other financial assets, property, plant and equipment with a carrying amount of ₹ **4,415.30 crores** and ₹ 4,460.45 crores are pledged as collateral/security against the borrowings as at March 31, 2018 and 2017, respectively.

25. Other financial liabilities – non-current

(₹ in crores)

		As at March 31, 2018	As at March 31, 2017
(a)	Derivative financial instruments	-	0.55
(b)	Liability for financial guarantee contracts	-	995.08
(c)	Liability towards employee separation scheme	82.26	71.84
(d)	Others	129.02	62.76
	Total	**211.28**	**1,130.23**

26. Other financial liabilities – current

		As at March 31, 2018	As at March 31, 2017
(a)	Current maturities of long-term borrowings (refer note below)	2,208.06	512.37
(b)	Liability for financial guarantee contracts	977.26	1,050.00
(c)	Interest accrued but not due on borrowings	500.06	449.73
(d)	Liability for capital expenditure	129.86	120.63
(e)	Deposits and retention money	186.44	206.26
(f)	Derivative financial instruments	1.29	9.38
(g)	Deferred payment liability	-	70.08
(h)	Liability towards Investors Education and Protection Fund under Section 125 of the Companies Act, 2013 not due		
	(i) Unpaid dividends	10.73	13.48
	(ii) Unpaid matured deposits and interest thereon	11.88	14.09
	(iii) Unpaid debentures and interest thereon	0.18	0.18
(i)	Others	65.40	39.74
	Total	**4,091.16**	**2,485.94**
	Details of Current maturities of long-term borrowings :		
(i)	Non Convertible Debentures (Unsecured) (refer note I (ii) (b))	1,089.86	450.00
(ii)	Non Convertible Debentures (Secured) (refer note I (ii) (a))	500.00	-
(iii)	Finance lease obligations	5.78	8.36
(iv)	Loans from Banks (refer note I (i) (d))	112.42	34.94
(v)	Buyer's line of credit (Capex) (refer note I (i) (b))	500.00	19.07
	Total	**2,208.06**	**512.37**

Notes Forming Part of Financial Statements

27. Provisions-non current

(₹ in crores)

		As at March 31, 2018	As at March 31, 2017
(a)	Employee benefits obligations	622.88	628.09
(b)	Warranty	364.35	247.43
(c)	Annual maintenance contract (AMC)	9.26	16.66
(d)	Others	12.99	-
	Total	**1,009.48**	**892.18**

28. Provisions-current

		As at March 31, 2018	As at March 31, 2017
(a)	Employee benefits obligations	32.17	24.05
(b)	Warranty	739.12	419.39
(c)	Annual maintenance contract (AMC)	46.20	33.73
(d)	Others	45.43	-
		862.92	**477.17**

Note

AMC and Warranty provision movement

	Year ended March 31, 2018	
	AMC	Warranty
Balance at the beginning	50.39	666.82
Provision made during the year	15.74	907.39*
Provision used during the year	(10.67)	(450.55)
Impact of discounting	-	(20.19)
Balance at the end	**55.46**	**1,103.47**
Current	46.20	739.12
Non-current	9.26	364.35

* Include estimated recovery from suppliers of ₹ 141.21 crores.

29. Income taxes

The reconciliation of estimated income tax to income tax expense is as follows:

(₹ in crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit/(loss) before tax	(946.92)	(2,353.27)
Income tax expense at tax rates applicable to individual entities	(327.71)	(814.42)
Additional deduction for patent, research and product development cost	(198.58)	(700.15)
Items (net) not deductible for tax/not liable to tax :		
- foreign currency (gain)/loss relating to loans and deposits (net)	8.12	-
- interest and other expenses relating to borrowings for investment	20.95	21.46
- Dividend from subsidiaries, joint operations, associates and investments measured at fair value through other comprehensive income	(77.04)	(57.37)
- Provision for impairment of capital work in progress	34.61	-
Undistributed earnings of joint operations	54.85	28.97
Deferred tax assets not recognised as realization is not probable	699.49	1,700.51
Utilization/credit of unrecognised tax losses, unabsorbed depreciation and other tax benefits	(130.10)	(62.57)
Reversal of tax provision for previous years	(2.45)	(15.78)
Others	5.79	(24.32)
Income tax expense reported	87.93	76.33

Notes Forming Part of Financial Statements

Significant components of deferred tax assets and liabilities for the year ended March 31, 2018 are as follows:

	Opening balance	Recognised in profit or loss	MAT Credit utilised	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:					
Unabsorbed depreciation	2,546.16	(4.62)	-	-	**2,541.54**
Business loss carry forwards	1,578.01	(21.43)	-	-	**1,556.58**
Expenses deductible in future years:					
- provisions, allowances for doubtful receivables and others	977.61	(367.45)	-	-	**610.16**
Compensated absences and retirement benefits	116.55	13.30	-	(6.27)	**123.58**
Minimum alternate tax carry-forward	29.78	(15.21)	(12.23)	-	**2.34**
Intangible assets	6.57	-		-	**6.57**
Derivative financial instruments	-	7.87	-	6.77	**14.64**
Unrealised profit on inventory	-	1.58	-	-	**1.58**
Others	129.44	(56.76)	-	-	**72.68**
Total deferred tax assets	**5,384.12**	**(442.72)**	**(12.23)**	**0.50**	**4,929.67**
Deferred tax liabilities:					
Property, plant and equipment	2,676.75	(97.00)	-	-	**2,579.75**
Intangible assets	2,739.64	(375.54)	-	-	**2,364.10**
Undistributed earnings in joint operations	63.24	53.02*	-	-	**116.26**
Derivative financial instruments	22.61	(22.61)	-	-	**-**
Others	29.46	(5.29)	-	-	**24.17**
Total deferred tax liabilities	**5,531.70**	**(447.42)**	**-**	**-**	**5,084.28**
Deferred tax liabilities	**(147.58)**	**4.70**	**(12.23)**	**0.50**	**(154.61)**

* Net off ₹ **1.83 crores** reversed on dividend distribution by joint operations.

As at March 31, 2018, unrecognised deferred tax assets amount to ₹ **2,102.72** crores and ₹ **5,511.61** crores which can be carried forward indefinitely and up to a specified period, respectively. These relate primarily to depreciation carry forwards, other deductible temporary differences and business losses. The deferred tax asset has not been recognised on the basis that its recovery is not probable in the foreseeable future.

Unrecognised deferred tax assets expire unutilised based on the year of origination as follows:

(₹ in crores)

March 31,	
2021	272.13
2022	26.13
2023	1,160.42
Thereafter	4.052.93

Notes Forming Part of Financial Statements

Significant components of deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

(₹ in crores)

	Opening balance	Effect of merger with TML Drivelines	Recognised in profit or loss	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:					
Unabsorbed depreciation	1,984.14	-	562.02	-	**2,546.16**
Business loss carry forwards	1,531.47	-	46.54	-	**1,578.01**
Expenses deductible in future years:					
- provisions, allowances for doubtful receivables and others	1,440.93	-	(463.32)	-	**977.61**
Compensated absences and retirement benefits	111.36	3.98	4.33	(3.12)	**116.55**
Minimum alternate tax carry-forward	16.82	-	12.96	-	**29.78**
Intangible assets	7.47	-	(0.90)	-	**6.57**
Others	93.88	3.50	32.06	-	**129.44**
Total deferred tax assets	**5,186.07**	**7.48**	**193.69**	**(3.12)**	**5,384.12**
Deferred tax liabilities:					
Property, plant and equipment	2,663.29	49.17	(35.71)	-	**2,676.75**
Intangible assets	2,519.18	4.04	216.42	-	**2,739.64**
Undistributed earnings in joint operations	36.88	-	26.36*	-	**63.24**
Derivative financial instruments	3.91	-	10.63	8.07	**22.61**
Others	34.20	-	(4.74)	-	**29.46**
Total deferred tax liabilities	**5,257.46**	**53.21**	**212.96**	**8.07**	**5,531.70**
Deferred tax liabilities	**(71.39)**	**(45.73)**	**(19.27)**	**(11.19)**	**(147.58)**

* Net off ₹ 1.83 crores reversed on dividend distribution by joint operation.

30. Other non-current liabilities

		As at March 31, 2018	As at March 31, 2017
(a)	Deferred revenue (refer note below)	253.09	270.40
(b)	Employee Benefit Obligations - Funded	20.34	42.79
(c)	Others	17.66	8.05
		291.09	**321.24**

31. Other current liabilities

		As at March 31, 2018	As at March 31, 2017
(a)	Advances received from customers	896.35	850.40
(b)	Statutory dues (GST,VAT, Excise, Service Tax, Octroi etc)	781.12	803.11
(c)	Deferred revenue (refer note below)	188.23	157.65
(d)	Others	51.90	59.64
		1,917.60	**1,870.80**

Note:

Deferred revenue includes ₹ **187.67 crores** as at March 31, 2018 (₹ 227.92 crores as at March 31, 2017) grants relating to property, plant and equipment related to duty saved on import of capital goods and spares under the Export Promotion Capital Goods (EPCG) scheme. Under such scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

Notes Forming Part of Financial Statements

32. Revenue From Operations

(₹ in crores)

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Sale of products (including excise duty) (note 1 and 2 below)	57,868.04	47,709.39
(b)	Sale of services	365.17	367.44
(c)	Finance revenues	1.12	1.94
(d)	Other operating revenues (note 3 below)	1,390.36	975.72
	Total	**59,624.69**	**49,054.49**

Note:

(1)	Includes exchange gain/(loss) (net) on hedges reclassified from hedge reserve to statement of profit or loss	(0.93)	(0.73)

(2) Consequent to the introduction of Goods and Service Tax (GST) with effect from July 1, 2017, Central Excise, Value Added Tax (VAT), etc have been replaced by GST. In accordance with Ind AS 18 on Revenue and Schedule III of the Companies Act, 2013, GST, GST Compensation Cess, etc. are not included in Revenue from Operations for applicable periods. In view of the aforesaid restructuring of indirect taxes, Sale of products for the year ended March 31, 2018 is not comparable with year ended March 31, 2017. Following additional information is being provided to facilitate such comparison:

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Sale of products	57,868.04	47,709.39
(b)	Excise duty	(1,168.14)	(4,623.54)
(c)	Sale of products (net of excise duty) (a-b)	**56,699.90**	**43,085.85**

(3) Other operating revenue includes export and other incentives from governments (referred to as "incentives") of ₹ **829.13 crores** and ₹ 419.87 crores for the year ended March 31, 2018 and 2017, respectively.

33. Other income

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Interest income	397.71	187.90
(b)	Dividend income (note 1 below)	1,054.69	672.65
(c)	Profit on sale of investments at FVTPL	103.17	116.76
(d)	MTM – Investments measured at FVTPL	2.03	3.75
		1,557.60	**981.06**
Note:			
(1)	Includes :		
(a)	Dividend from subsidiary companies and associates	999.25	669.48
(b)	From investment measured at FVTOCI	14.49	4.45
(c)	Exchange gain / (loss)	40.95	(1.28)

34. Employee benefits expense

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Salaries, wages and bonus	3,311.57	3,179.05
(b)	Contribution to provident fund and other funds	236.16	209.11
(c)	Staff welfare expenses	419.00	376.19
	Total	**3,966.73**	**3,764.35**

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35. Finance costs

(₹ in crores)

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Interest	1,650.35	1,649.68
	Add: Exchange fluctuation considered as interest cost	6.24	-
	Less: Interest capitalised*	(396.11)	(451.00)
		1,260.48	**1,198.68**
(b)	Discounting charges	483.95	370.33
	Total	**1,744.43**	**1,569.01**

* The weighted average rate for capitalisation of interest relating to general borrowings was approximately **7.43 %** and 7.63 % for the years ended March 31, 2018 and 2017, respectively.

36. Other expenses

		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Processing charges	1,240.88	1,004.45
(b)	Consumption of stores & spare parts	639.35	653.61
(c)	Power and fuel	545.12	483.48
(d)	Freight, transportation, port charges etc.	1,703.15	1,536.77
(e)	Publicity	720.18	848.36
(f)	Warranty expenses	766.18	493.33
(g)	Information technology/computer expenses	711.95	762.39
(h)	Allowances made/(reversed) for trade and other receivables	(109.19)	133.72
(i)	Assets Scrapped/ Written Off	995.47	141.45
(j)	Works operation and other expenses (note below)	2,021.18	2,278.34
	Total	**9,234.27**	**8,335.90**
	Note:		
	Works operation and other expenses include:		
(a)	Auditors' Remuneration (excluding service tax): #		
	(i) Audit Fees	7.34	8.16
	(ii) Audit Fees for financial statements as per IFRS (including SOX certification)	3.72	3.59
	(iii) In other Capacities :		
	Tax Audit / Transfer Pricing Audit	0.89	0.75
	Taxation Matters	0.45	0.08
	(iv) Other Services *	4.47	1.51
	(v) Reimbursement of travelling and out-of-pocket expenses	0.86	0.88
	* Includes payment to an affiliate firm of statutory auditors # The above amount includes ₹ **10.84 crores** paid to predecessor Auditor, Deloitte Haskins and Sells LLP and its affiliates for the year ended March 31, 2018.	4.10	0.56
(b)	Cost Auditors' Remuneration (excluding service tax) :		
	(i) Cost Audit Fees	0.20	0.20
	(ii) Reimbursement of travelling and out-of-pocket expenses	0.01	-

(c) Works operation and other expenses for the year ended March 31, 2018 includes ₹ **21.44** crores (₹ 25.94 crores for the year ended March 31, 2017) spent by Tata Motors Ltd on standalone basis excluding interest in the joint operations, towards various schemes of Corporate Social Responsibility (CSR) as prescribed under Section 135 of the Companies Act, 2013. No amount has been spent on construction / acquisition of an asset of the Company. The prescribed CSR expenditure required to be spent in the year 2017-18 as per the Companies Act, 2013 is ₹ **Nil,** in view of average net profits of the Company being ₹ **Nil** (under section 198 of the Act) for last three financial years.

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37. a) Exceptional debit of ₹ **962.98 crores** is related to provision for impairment of certain capital work-in-progress and intangibles under development. The company reviewed product development programs and capital work-in-progrees and consequently provided for impairment during the year ended March 31, 2018.

b) Exceptional debit of ₹ 147.93 crores for the year ended March 31, 2017, relates to provision for inventory of BS III vehicles as at March 31, 2017. This does not include higher level of customer discounts and variable marketing expenses in March 2017, to support higher level of retail sales, which have been netted off against 'Revenue from operations.

38. Commitments and contingencies

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Litigation

The Company is involved in legal proceedings, both as plaintiff and as defendant. There are claims which the Company does not believe to be of material nature, other than those described below.

Income Tax

The Company has ongoing disputes with income tax authorities relating to tax treatment of certain items. These mainly include disallowed expenses, the tax treatment of certain expenses claimed by the Company as deductions and the computation of, or eligibility of, the Company's use of certain tax incentives or allowances.

Most of these disputes and/or disallowances, being repetitive in nature, have been raised by the income tax authorities consistently in most of the years.

The Company has a right of appeal to the Commissioner of Income Tax (Appeals), or CIT (A), the Dispute Resolution Panel, or DRP, and to the Income Tax Appellate Tribunal, or ITAT, against adverse decisions by the assessing officer, DRP or CIT (A), as applicable. The income tax authorities have similar rights of appeal to the ITAT against adverse decisions by the CIT (A) or DRP. The Company has a further right of appeal to the Bombay High Court or the Supreme Court against adverse decisions by the appellate authorities for matters involving substantial question of law. The income tax authorities have similar rights of appeal.

As at March 31, 2018, there are matters and/or disputes pending in appeal amounting to ₹ **60.89** crores (₹ 148.60 crores as at March 31, 2017).

Customs, Excise Duty and Service Tax

As at March 31, 2018, there are pending litigation for various matters relating to customs, excise duty and service taxes involving demands, including interest and penalties, of ₹ **1,491.36** crores (₹ 1,425.12 crores as at March 31, 2017). These demands challenged the basis of valuation of the Company's products and denied the Company's claims of Central Value Added Tax, or CENVAT credit on inputs. The details of the demands for more than ₹ 20 crores are as follows:

The Excise Authorities have raised a demand for ₹ **90.72** crores as at March 31, 2018 (₹ 90.72 crores as at March 31, 2017), on account of alleged undervaluation's of ex-factory discounts given by Company on passenger vehicles through invoices. The matter is being contested by the Company before the Bombay High Court.

As at March 31, 2018, the Excise Authorities have raised a demand and penalty of ₹ **239.95 crores,** (₹ 218.23 crores as at March 31, 2017), due to the classification of certain chassis (as dumpers instead of goods transport vehicles) which were sent to automotive body builders by the Company, which the Excise Authorities claim requires the payment of the National Calamity Contingent Duty, or

Notes Forming Part of Financial Statements

NCCD. The Company has obtained a technical expert certificate on the classification. The appeal is pending before the Custom Excise & Service Tax Appellate Tribunal.

The Excise Authorities had denied the Company's claim of a CENVAT credit of ₹ **36.03** crores as at March 31, 2018 (₹ 24.96 crores as at March 31, 2017) claimed by the Company from financial year 1992 to 2013, on technical grounds. The matter is being contested by the Company before the appellate authorities.

As at March 31, 2018, the Excise Authorities had levied penalties and interest amounting to ₹ **679.88** crores (₹ 679.88 crores as at March 31, 2017) with respect to CENVAT credit claimed by the Company from March 2010 to November 2012, on inputs, stating that vehicles manufactured at Uttarakhand plant are "Exempted Products" and the Company may not claim a CENVAT credit on these vehicles. The Company has challenged this demand as NCCD and the automobile cess is assessed on those vehicles, which are "duties of excise". Therefore, the Company asserts that these vehicles are not "Exempted Products". The matter is being contested by the Company before the appellate authorities.

As at March 31, 2018, the Excise Authorities have raised a demand amounting to ₹ **29.54 crores** (₹ 29.54 crores as at March 31, 2017) on pre-delivery inspection charges and free after-sales service charges incurred by dealers on Company's products on the alleged grounds that the pre-delivery inspection charges and free after-sales services are provided by the dealer on behalf of the Company and should be included in excisable value of the vehicle. The case is pending before Tribunal.

As at March 31, 2018, the Exicse Authorities have confirmed demand & penalty totalling to ₹ **90.88 crores** (₹ Nil as at March 31, 2017) towards vehicles allegedly sold below cost of production with an intention to penetrate the market. The matter is being contested by the Company before appellate authorities.

As at March 31, 2018, the Exicse Authorities have filed Appeal before appellate authority against the Order of adjudicating authority allowing Cenvat credit of service tax of ₹ **36.15** crores (₹ 36.15 crores as at March 31, 2017) availed on consulting engineers services.

Sales Tax

The total sales tax demands (including interest and penalty), that are being contested by the Company amount to ₹ **949.54** crores as at March 31, 2018 (₹ 965.80 crores as at March 31, 2017). The details of the demands for more than ₹ 20 crores are as follows:

The Sales Tax Authorities have raised demand of ₹ **269.38** crores as at March 31, 2018 (₹ 208.59 crores as at March 31, 2017) towards rejection of certain statutory forms for concessional lower/nil tax rate (Form F and Form C) on technical grounds such as late submission, single form issued against different months / quarters dispatches / sales, etc. and denial of exemption from tax in absence of proof of export for certain years. The Company has contended that the benefit cannot be denied on technicalities, which are being complied with. The matter is pending at various levels.

The Sales Tax Authorities have denied input tax credit and levied interest and penalty thereon due to varied reasons aggregating to ₹ **435.96** crores as at March 31, 2018 (₹ 305.46 crores as at March 31, 2017). The reasons for disallowing credit was mainly due to Taxes not paid by Vendors, incorrect method of calculation of set off as per the department, alleging suppression of sales as per the department etc. The matter is contested in appeal.

Sales tax demand aggregating ₹ **95.75 crores** as at March 31, 2018 (₹ Nil as at March 31, 2017) has been raised by Sales Tax Authorities for non submission of Maharashtra Trial Balance. This is relating to VAT assessment for the financial year 2010 to 2013. The matter is contested in appeal.

The Sales Tax Authorities have raised demand for Entry Tax liability at various states amounting to ₹ **23.92 crores** as at March 31, 2018 (₹ Nil as at March 31, 2017) **.** The company is contesting this issue.

Other Taxes and Dues

Other amounts for which the Company may contingently be liable aggregate to ₹ **205.19** crores as at March 31, 2018 (₹ 221.14 crores as at March 31, 2017). Following are the cases involving more than ₹ 20 crores:

The municipal authorities in certain states levy octroi duty (a local indirect tax) on goods brought inside the municipal limits at rates based on the classification of goods. Demands aggregating ₹ **61.65** crores as at March 31, 2018 (₹ 61.65 crores as at March 31, 2017) had been raised demanding higher octroi duties on account of classification disputes relating to components purchased for the manufacture of vehicles and retrospective increase in octroi rates relating to past periods. The dispute relating to classification is presently pending before the Bombay High Court and the other dispute is pending before the Supreme Court.

Notes Forming Part of Financial Statements

As at March 31, 2018, property tax amounting to ₹ **56.84** crores (₹ 53.70 crores as at March 31, 2017) has been demanded by the local municipal authorities in respect of vacant land of the Company in the plants in Pimpri, Chinchwad and Chikhali. The Company has filed Special Leave Petition (SLP) before the Supreme Court against an unfavorable decision of the Bombay High Court. The Supreme Court has disposed of the SLP and remanded the matter back to the local municipal corporation for fresh adjudication.

As at March 31, 2018, Sales tax / VAT amounting to ₹ **30.54** crores (₹ 29.95 crores as at March 31, 2017) has been demanded by local authorities on dealers in respect of spare parts used for carrying out warranty repairs. The dispute is pending before the Supreme Court.

Commitments

The Company has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of a capital nature amounting to ₹ **2,096.64** crores at March 31, 2018 (₹ 1,606.45 crores as at March 31, 2017), which are yet to be executed.

The Company has entered into various contracts with vendors and contractors for the acquisition of intangible assets of a capital nature amounting to ₹ **466.01** crores as at March 31, 2018, (₹ 420.06 crores as at March 31, 2017), which are yet to be executed.

39. Earnings per Share ("EPS")

(₹ in crores)

			Year ended March 31, 2018	Year ended March 31, 2017
(a)	Profit/(loss) after tax	₹ crores	(1,034.85)	(2,429.60)
(b)	The weighted average number of Ordinary shares for Basic EPS	Nos.	2,88,73,48,357	2,88,72,18,310
(c)	The weighted average number of 'A' Ordinary shares for Basic EPS	Nos.	50,85,02,336	50,84,83,714
(d)	The nominal value per share (Ordinary and 'A' Ordinary)	₹	2	2
(e)	Share of profit / (loss) for Ordinary shares for Basic EPS	₹ crores	(879.89)	(2,065.78)
(f)	Share of profit / (loss) for 'A' Ordinary shares for Basic EPS *	₹ crores	(154.96)	(363.82)
(g)	Earnings per Ordinary share (Basic)	₹	(3.05)	(7.15)
(h)	Earnings per 'A' Ordinary share (Basic)	₹	(3.05)	(7.15)
(i)	Profit after tax for Diluted EPS	₹ crores	#	#
(j)	The weighted average number of Ordinary shares for Basic EPS	Nos.	#	#
(k)	Add: Adjustment for Options relating to warrants and shares held in abeyance	Nos.	#	#
(l)	The weighted average number of Ordinary shares for Diluted EPS	Nos.	#	#
(m)	The weighted average number of 'A' Ordinary shares for Basic EPS	Nos.	#	#
(n)	Add: Adjustment for 'A' Ordinary shares held in abeyance	Nos.	#	#
(o)	The weighted average number of 'A' Ordinary shares for Diluted EPS	Nos.	#	#
(p)	Share of profit for Ordinary shares for Diluted EPS	₹ crores	#	#
(q)	Share of profit for 'A' Ordinary shares for Diluted EPS *	₹ crores	#	#
(c)	Earnings per Ordinary share (Diluted)	₹	(3.05)	(7.15)
(s)	Earnings per 'A' Ordinary share (Diluted)	₹	(3.05)	(7.15)

* 'A' Ordinary Shareholders are entitled to receive dividend @ 5% points more than the aggregate rate of dividend determined by the Company on Ordinary Shares for the financial year.

Since there is a loss for year ended March 31, 2018 and 2017 potential equity shares are not considered as dilutive and hence Diluted EPS is same as Basic EPS.

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40. Capital Management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debentures, senior notes and other long-term/short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Total borrowings includes all long and short-term borrowings as disclosed in notes 23, 24 and 26 (a) to the financial statements. Equity comprises all components excluding (profit)/loss on cash flow hedges.

The following table summarizes the capital of the Company:

(₹ in crores)

	Year ended March 31, 2018	Year ended March 31, 2017
Equity	20,161.13	21,139.97
Short-term borrowings and current maturities of long-term borrowings	5,307.93	5,670.89
Long-term borrowings	13,155.91	13,686.09
Total borrowings	**18,463.84**	**19,356.98**
Total capital (Debt + Equity)	**38,624.97**	**40,496.95**
Total equity as reported in balance sheet	20,170.98	21,162.61
Hedging reserve	3.14	(11.26)
Cost of Hedge reserve	(12.99)	(11.38)
Equity as reported above	**20,161.13**	**21,139.97**

Notes Forming Part of Financial Statements

41. Disclosures on financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(a) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2018.

(₹ in crores)

Financial assets	Cash, and other financial assets at amortised cost	Investments - FVTOCI	Investments - FVTPL	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
(a) Investments - non-current	-	310.19	-	-	-	310.19	310.19
(b) Investments - current	-	303.84	1,517.03	-	-	1,820.87	1,820.87
(c) Trade receivables	3,479.81	-	-	-	-	3,479.81	3,479.81
(d) Cash and cash equivalents	546.82	-	-	-	-	546.82	546.82
(e) Other bank balances	248.60	-	-	-	-	248.60	248.60
(f) Loans and advances - non-current	143.96	-	-	-	-	143.96	143.96
(g) Loans and advances - current	140.27	-	-	-	-	140.27	140.27
(h) Other financial assets - non-current	593.27	-	-	200.13	-	793.40	793.40
(i) Other financial assets - current	604.10	-	-	26.15	16.06	646.31	646.31
Total	**5,756.83**	**614.03**	**1,517.03**	**226.28**	**16.06**	**8,130.23**	**8,130.23**

Financial liabilities	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Other financial liabilities	Total carrying value	Total fair value
(a) Long-term borrowings (including Current maturities of long-term borrowings)	-	-	15,363.97	15,363.97	15,643.29
(b) Short-term borrowings	-	-	3,099.87	3,099.87	3,099.87
(c) Trade payables	-	-	9,411.05	9,411.05	9,411.05
(d) Acceptances	-	-	4,814.58	4,814.58	4,814.58
(e) Other financial liabilities - non-current	-	-	211.28	211.28	211.28
(f) Other financial liabilities - current	0.30	0.99	1,881.81	1,883.10	1,883.10
Total	**0.30**	**0.99**	**34,782.56**	**34,783.85**	**35,063.17**

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2017.

(₹ in crores)

Financial assets	Cash, and other financial assets at amortised cost	Investments - FVTOCI	Investments - FVTPL	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
(a) Investments - non-current	-	528.37	-	-	-	528.37	528.37
(b) Investments - current	-	-	2,437.42	-	-	2,437.42	2,437.42
(c) Trade receivables	2,128.00	-	-	-	-	2,128.00	2,128.00
(d) Cash and cash equivalents	228.94	-	-	-	-	228.94	228.94
(e) Other bank balances	97.67	-	-	-	-	97.67	97.67
(f) Loans and advances - non-current	391.46	-	-	-	-	391.46	391.46
(g) Loans and advances - current	215.96	-	-	-	-	215.96	215.96
(h) Other financial assets - non-current	5.57	-	-	190.75	-	196.32	196.32
(i) Other financial assets - current	41.19	-	-	65.73	34.62	141.54	141.54
Total	**3,108.79**	**528.37**	**2,437.42**	**256.48**	**34.62**	**6,365.68**	**6,365.68**

Financial liabilities	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Other financial liabilities	Total carrying value	Total fair value
(a) Long-term borrowings (including Current maturities of long-term borrowings)	-	-	14,198.46	14,198.46	14,700.97
(b) Short-term borrowings	-	-	5,158.52	5,158.52	5,158.52
(c) Trade payables	-	-	7,082.95	7,082.95	7,082.95
(d) Acceptances	-	-	4,379.29	4,379.29	4,379.29
(e) Other financial liabilities - non-current	0.55	-	1,129.68	1,130.23	1,130.23
(f) Other financial liabilities - current	9.38	-	1,964.19	1,973.57	1,973.57
Total	**9.93**	**-**	**33,913.09**	**33,923.02**	**34,425.53**

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The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of quoted equity shares, quoted corporate debt instruments and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e; as prices) or indirectly (i.e; derived from prices). This level of hierarchy include Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2018 and 2017.

Costs of certain unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. These investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments at FVTOCI as the directors believes this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

Derivatives are fair valued using market observable rates and published prices together with forecast cash flow information where applicable.

(₹ in crores)

	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
(a) Investments	1,820.87	-	310.19	**2,131.06**
(b) Derivative assets	-	242.34	-	**242.34**
Total	**1,820.87**	**242.34**	**310.19**	**2,373.40**
Financial liabilities measured at fair value				
(a) Derivative liabilities	-	1.29	-	**1.29**
Total	**-**	**1.29**	**-**	**1.29**

	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
(a) Investments	2,655.60	-	310.19	2,965.79
(b) Derivative assets	-	291.10	-	291.10
Total	**2,655.60**	**291.10**	**310.19**	**3,256.89**
Financial liabilities measured at fair value				
(a) Derivative liabilities	-	9.93	-	9.93
Total	**-**	**9.93**	**-**	**9.93**

Notes Forming Part of Financial Statements

The following table provides an analysis of fair value of financial instruments that are not measured at fair value on recurring basis, grouped into Level 1 to Level 3 categories:

(₹ in crores)

	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value				
(a) Investments	-	-	-	-
Total	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value				
(a) Long-term borrowings (including Current maturities of long-term borrowings)	4,952.01	10,691.28	-	15,643.29
(b) Short-term borrowings	-	3,099.87	-	3,099.87
Total	**4,952.01**	**13,791.15**	**-**	**18,743.16**

	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value				
(a) Investments	-	-	-	-
Total	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value				
(a) Long-term borrowings (including Current maturities of long-term borrowings)	5,047.12	9,653.85	-	14,700.97
(b) Short-term borrowings	-	5,158.52	-	5,158.52
Total	**5,047.12**	**14,812.37**	**-**	**19,859.49**

The short-term financial assets and liabilities are stated at amortised cost which is approximately equal to their fair value.

The fair value of borrowings which have a quoted market price in an active market is based on its market price and for other borrowings the fair value is estimated by discounting expected future cash flows, using a discount rate equivalent to the risk-free rate of return, adjusted for the credit spread considered by the lenders for instruments of similar maturity.

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, substantially for all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

Notes Forming Part of Financial Statements

Offsetting

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability, simultaneously.

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2018:

(₹ in crores)

	Gross amount recognised	Gross amount recognised as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement		Net amount after offsetting
				Financial instruments	Cash collateral	
Financial assets						
(a) Derivative financial instruments	242.34	-	242.34	-	-	242.34
(b) Trade receivables	3,670.42	(190.61)	3,479.81	-	-	3,479.81
(c) Loans and advances-current	157.36	(17.09)	140.27	-	-	140.27
Total	**4,070.12**	**(207.70)**	**3,862.42**	**-**	**-**	**3,862.42**
Financial liabilities						
(a) Derivative financial instruments	1.29	-	1.29	-	-	1.29
(b) Trade payables	9,618.75	(207.70)	9,411.05	-	-	9,411.05
Total	**9,620.04**	**(207.70)**	**9,412.34**	**-**	**-**	**9,412.34**

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2017:

	Gross amount recognised	Gross amount recognised as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement		Net amount after offsetting
				Financial instruments	Cash collateral	
Financial assets						
(a) Derivative financial instruments	291.10	-	291.10	(6.07)	-	285.03
(b) Trade receivables	2,209.19	(81.19)	2,128.00	-	-	2,128.00
(c) Loans and advances-current	256.68	(40.72)	215.96	-	-	215.96
Total	**2,756.97**	**(121.91)**	**2,635.06**	**(6.07)**	**-**	**2,628.99**
Financial liabilities						
(a) Derivative financial instruments	9.93	-	9.93	(6.07)	-	3.86
(b) Trade payables	7,204.86	(121.91)	7,082.95	-	-	7,082.95
Total	**7,214.79**	**(121.91)**	**7,092.88**	**(6.07)**	**-**	**7,086.81**

Notes Forming Part of Financial Statements

(c) Financial risk management

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

(i) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(i) (a) Foreign currency exchange rate risk:

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in U.S. dollar, Euro and Thai Baht against the respective functional currencies of the Company.

The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure. Any weakening of the functional currency may impact the Company's cost of exports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its risk management policies.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 10%.

The exposure as indicated below is mitigated by some of the derivative contracts entered into by the Company as disclosed in (iv) derivative financial instruments and risk management below.

The following table sets forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed at clause (iv) below) as of March 31, 2018:

(₹ in crores)

	U.S. dollar	Euro	GBP	THB	Others [1]	Total
Financial assets	591.30	18.14	95.09	128.80	27.69	**861.02**
Financial liabilities	6,157.54	175.97	523.79	3.15	29.87	**6,890.32**

[1] Others mainly include currencies such as the Russian rouble, Japanese yen, Swiss franc, Australian dollars, South African rand, Thai baht and Korean won.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net profit/(loss) before tax by approximately ₹ **86.10 crores** and ₹ **689.03 crores** for financial assets and financial liabilities respectively for the year ended March 31, 2018.

Notes Forming Part of Financial Statements

The following table sets forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed at clause (iv) below) as of March 31, 2017:

(₹ in crores)

	U.S. dollar	Euro	GBP	THB	Others[2]	Total
Financial assets	395.23	11.03	34.53	95.25	16.22	**552.26**
Financial liabilities	5,974.81	150.24	374.84	8.17	26.17	**6,534.23**

[2] Others mainly include currencies such as the Russian rouble, Japanese yen, Swiss franc, Australian dollars, South African rand, Thai baht and Korean won.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net profit/(loss) before tax by approximately ₹ 55.23 crores and ₹ 653.42 crores for financial assets and financial liabilities, respectively for the year ended March 31, 2017.

(Note: The impact is indicated on the profit/(loss) before tax basis.)

(i) (b) Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short term loans.

As at March 31, 2018 and 2017, financial liability of ₹ **3,239.35** crores and ₹ 3,418.97 crores, respectively, was subject to variable interest rates. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in decrease/increase in profit/(loss) before tax of ₹ **32.39** crores and ₹ 34.19 crores for the year ended March 31, 2018 and 2017, respectively.

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(Note: The impact is indicated on the profit/(loss) before tax basis).

(i) (c) Equity Price risk

Equity Price Risk is related to the change in market reference price of the investments in equity securities.

The fair value of some of the Company's investments measured at fair value through other comprehensive income exposes the Company to equity price risks. These investments are subject to changes in the market price of securities. The fair value of Company's investment in quoted equity securities as of March 31, 2018 and 2017 was ₹ **303.84** crores and ₹ 218.18 crores, respectively. A 10% change in equity price as of March 31, 2018 and 2017 would result in an impact of ₹ **30.38** crores and ₹ 21.82 crores, respectively.

(Note: The impact is indicated on equity before consequential tax impact, if any).

Notes Forming Part of Financial Statements

(ii) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk, principally consist of investments classified as fair value through profit and loss, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ **7,819.91** crores and ₹ 6,069.96 crores as at March 31, 2018 and 2017, respectively, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, finance receivables, margin money and other financial assets excluding equity investments.

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at March 31, 2018, that defaults in payment obligations will occur.

Credit quality of financial assets and impairment loss

The ageing of trade receivables as of balance sheet date is given below. The age analysis has been considered from the due date.

(₹ in crores)

		As at March 31, 2018			As at March 31, 2017		
	Trade receivables	**Gross**	**Allowance**	**Net**	**Gross**	Allowance	Net
	Period (in months)						
(a)	Not due	1,674.79	(8.10)	1,666.69	915.10	(9.59)	905.51
(b)	Overdue up to 3 months	1,133.46	(33.60)	1,099.86	841.67	(15.83)	825.84
(c)	Overdue 3-6 months	144.00	(12.50)	131.50	138.47	(11.36)	127.11
(d)	Overdue more than 6 months	1,071.06	(489.30)	581.76	925.93	(656.39)	269.54 [1]
	TOTAL	**4,023.31**	**(543.50)**	**3,479.81**	**2,821.17**	**(693.17)**	**2,128.00**

[1] Trade receivables overdue more than six months include ₹ **462.22 crores** as at March 31, 2018 (₹ 212.29 crores as at March 31, 2017) outstanding from state government organizations in India, which are considered recoverable.

Trade receivables consist of a large number of various types of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of these trade receivables and where appropriate allowance for losses are provided. Further the Company, groups the trade receivables depending on type of customers and accordingly credit risk is determined.

Notes Forming Part of Financial Statements

(iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks. Further, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures, senior notes and other debt instruments. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no/low mark to market risks. The Company has also invested 15% of the non-convertible debentures (taken/issued by the Company) falling due for repayment in the next 12 months in bank deposits, to meet the regulatory norms of liquidity requirements.

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

The table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2018:

(₹ in crores)

	Financial liabilities	Carrying amount	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total contractual cash flows
(a)	Trade payables	9,411.05	9,411.05	-	-	-	9,411.05
(b)	Acceptances	4,814.58	4,814.58	-	-	-	4,814.58
(c)	Borrowings and interest thereon	18,963.90	6,238.08	2,006.03	10,638.87	3,570.94	22,453.92
(d)	Other financial liabilities	1,593.03	1,401.69	83.97	86.30	73.47	1,645.43
(e)	Derivative liabilities	1.29	1.29	-	-	-	1.29
	Total	**34,783.85**	**21,866.69**	**2,090.00**	**10,725.17**	**3,644.41**	**38,326.27**

The table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2017:

	Financial liabilities	Carrying amount	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total contractual cash flows
(a)	Trade payables	7,082.95	7,082.95	-	-	-	7,082.95
(b)	Acceptances	4,379.29	4,379.29	-	-	-	4,379.29
(c)	Borrowings and interest thereon	19,806.71	7,056.76	2,662.85	10,158.67	5,003.70	24,881.98
(d)	Other financial liabilities	2,644.14	1,493.66	1,019.23	56.56	73.13	2,642.58
(e)	Derivative liabilities	9.93	9.38	-	-	0.55	9.93
	Total	**33,923.02**	**20,022.04**	**3,682.08**	**10,215.23**	**5,077.38**	**38,996.73**

Notes Forming Part of Financial Statements

(iv) Derivative financial instruments and risk management

The Company has entered into a variety of foreign currency, interest rates and commodity forward contracts and options to manage its exposure to fluctuations in foreign exchange rates, interest rates and commodity price risk. The counterparty is generally a bank. These financial exposures are managed in accordance with the Company's risk management policies and procedures.

The Company also enters into interest rate swaps and interest rate currency swap agreements, mainly to manage exposure on its fixed rate or variable rate debt. The Company uses interest rate derivatives or currency swaps to hedge exposure to exchange rate fluctuations on principal and interest payments for borrowings denominated in foreign currencies.

Specific transactional risks include risks like liquidity and pricing risks, interest rate and exchange rate fluctuation risks, volatility risks, counterparty risks, settlement risks and gearing risks.

Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data.

The fair value of derivative financial instruments is as follows:

(₹ in crores)

		As at March 31, 2018	As at March 31, 2017
(a)	Foreign currency forward exchange contracts and options	245.74	276.81
(b)	Commodity Derivatives	(4.69)	4.37
	Total	**241.05**	**281.18**

The gain/loss due to fluctuation in foreign currency exchange rates on derivative contracts, recognised in the income statement was ₹ **6.31 crores** (loss) and ₹ 85.41 crores (loss) for the years ended March 31, 2018 and 2017, respectively.

The gain/(loss) on commodity derivative contracts, recognised in the income statement was ₹ **6.07 crores** and ₹ 9.06 crores for the years ended March 31, 2018 and 2017, respectively.

Notes Forming Part of Financial Statements

42. Related-party transactions

The Company's related parties principally consist of subsidiaries, joint operations, associates and their subsidiaries, Tata Sons Ltd, subsidiaries and joint ventures of Tata Sons Ltd. The Company routinely enters into transactions with these related parties in the ordinary course of business. The Company enters into transactions for sale and purchase of products and services with its related parties.

The following table summarizes related-party transactions and balances for the year ended / as at March 31, 2018:

(₹ in crores)

	Subsidiaries	Joint Operations	Associates and its subsidiaries	Tata Sons Ltd, its subsidiaries and joint ventures	Total
Purchase of products	1,217.67	3,163.05	2,595.40	170.71	**7,146.83**
Sale of products	5,918.05	545.49	199.80	453.26	**7,116.60**
Services received	2,548.55	-	8.82	256.29	**2,813.66**
Services rendered	221.54	4.31	13.05	1.59	**240.49**
Bills discounted	-	-	-	4,135.03	**4,135.03**
Purchase of property, plant and equipment	41.25	-	62.43	0.18	**103.86**
Purchase of investments	-	2.50	-	-	**2.50**
Interest (income)/expense, dividend (income)/paid, net	(931.25)	(4.56)	(9.43)	3.93	**(941.31)**
Finance given (including loans and equity)	-	-	-	-	**-**
Finance given, taken back (including loans and equity)	60.00	-	-	-	**60.00**
Finance taken (including loans and equity)	1,773.55	-	489.00	-	**2,262.55**
Finance taken, paid back (including loans and equity)	1,746.80	-	489.00	-	**2,235.80**
Assets / deposits given as security	2.35	-	-	-	**2.35**
Amounts receivable in respect of loans and interest thereon	637.37	-	-	-	**637.37**
Amounts payable in respect of loans and interest thereon	147.75	-	56.00	2.10	**205.85**
Trade and other receivables	564.28	-	61.18	61.59	**687.05**
Trade payables	1,592.08	184.81	149.57	67.43	**1,993.89**
Acceptances	-	-	-	220.16	**220.16**
Assets / deposits given as security	2.54	-	-	3.00	**5.54**
Deposit taken as security	3.31	-	-	-	**3.31**
Provision for amount receivable (including loans)	639.49	-	-	-	**639.49**

Note: With the introduction of GST from July 01, 2017, the related party transactions reported does not include indirect tax component. The previous period figures to that extent is not comparable.

Notes Forming Part of Financial Statements

The following table summarizes related-party transactions and balances for the year ended / as at March 31, 2017:

(₹ in crores)

	Subsidiaries	Joint Operations	Associates and its subsidiaries	Tata Sons Ltd, its subsidiaries and joint ventures	Total
Purchase of products	1,036.85	2,275.75	2,056.84	65.46	**5,434.90**
Sale of products	4,541.55	323.72	248.20	452.62	**5,566.09**
Services received	1,803.86	0.07	10.89	256.98	**2,071.80**
Services rendered	216.14	16.11	13.03	4.64	**249.92**
Bills discounted	-	-	-	3,202.77	**3,202.77**
Purchase of property, plant and equipment	49.06	-	13.79	0.02	**62.87**
Interest (income)/expense, dividend (income)/paid, net	(648.91)	(12.12)	(11.07)	36.52	**(635.58)**
Finance given (including loans and equity)	222.26	-	-	-	**222.26**
Finance given, taken back (including loans and equity)	30.00	132.50	-	-	**162.50**
Finance taken (including loans and equity)	1,358.00	329.00	-	-	**1,687.00**
Finance taken, paid back (including loans and equity)	1,397.00	300.00	-	-	**1,697.00**
Deposits taken as security	3.31	-	-	-	**3.31**
Amounts receivable in respect of loans and interest thereon	692.48	-	-	5.33	**697.81**
Amounts payable in respect of loans and interest thereon	121.00	-	56.00	0.64	**177.64**
Trade and other receivables	231.02	-	46.26	36.14	**313.42**
Trade payables	1,014.18	123.95	39.63	49.54	**1,227.30**
Assets / deposits given as security	2,502.35	-	-	3.00	**2,505.35**
Deposit taken as security	3.31	-	-	-	**3.31**
Provision for amount receivable (including loans)	639.49	-	-	-	**639.49**

Details of significant transactions are given below:

Particulars		**Nature of relationship**	**Year ended March 31, 2018**	Year ended March 31, 2017
i)	Bill discounted			
	Tata Capital Ltd	Tata Sons Ltd, its subsidiaries and joint ventures	4,135.03	3,202.77
ii)	Dividend Income			
	TML Holding Pte Ltd	Subsidiary	789.85	507.64

Compensation of key management personnel:

	Year ended March 31, 2018	Year ended March 31, 2017
Short-term benefits	39.49	30.40
Post-employment benefits*	1.88	2.04

The compensation of CEO and Managing Director is ₹ **26.42 crores** and ₹ 22.55 crores for the year ended March 31, 2018 and 2017 respectively.

* Excludes provision for encashable leave and gratuity for certain key management personnel as a separate actuarial valuation is not available.

	Year ended March 31, 2018	Year ended March 31, 2017
Other transactions with key management personnel:		
Dividend paid	-	- **

*** less than ₹ 50,000/-*

Refer note 44 for list of subsidiaries of the Company.

Refer note 45 for information on transactions with post-employment benefit plans.

Notes Forming Part of Financial Statements

43. Disclosures required by Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 (4) of the Companies Act, 2013

(a) Amount of loans / advances in nature of loans outstanding from subsidiaries as at March 31, 2018, on a standalone basis.

(₹ in crores)

	Outstanding as at March 31, 2018/ March 31, 2017	Maximum amount outstanding during the year
Name of the Company		
Tata Motors European Technical Centre Plc., UK	**39.22**	**39.22**
[Tata Motors European Technical Centre has utilised this loan for investment in National Automotive Innovation Centre set up jointly with University of Warwick and Jaguar Landrover Ltd and carried an interest rate of 12 months LIBOR + 3% prevailing rate (4.7076% p.a-5.6492% p.a]	34.39	40.56
Tata Hispano Motors Carrocera S.A.	**539.40**	**539.40**
(Tata Hispano Motors Carrocera S.A. has utilised this loan for meeting its capex requirement and general corporate purposes, which is fully provided).	539.40	539.40
Tata Hispano Motors Carroceries Maghreb SA	**58.39**	**58.39**
(Tata Hispano Motors Carroceries Maghreb SA has utilised this loan for general corporate purposes, which is partly provided).	58.39	58.39
Concorde Motors (India) Ltd	-	**50.00**
(Inter Corporate Deposit utilised for working capital finance at the rate of interest of 9% p.a to 10.00% p.a. having Call / Put option).	50.00	50.00
Tata Marcopolo Motors Ltd	-	**10.00**
(Inter Corporate Deposit utilised for working capital finance at the rate of interest of 9.00% p.a. to 10.00% p.a having Call / Put option).	10.00	25.00

(b) Details of Investments made are given in notes 6, 7, 8 and 9

Notes Forming Part of Financial Statements

44. Details of significant investments in subsidiaries, joint ventures and associates

Name of the Company	Country of incorporation/ Place of business	% direct holding	
		As at March 31, 2018	As at March 31, 2017
Subsidiaries			
TAL Manufacturing Solutions Ltd	India	100.00	100.00
Concorde Motors (India) Ltd	India	100.00	100.00
Tata Motors Insurance Broking & Advisory Services Ltd	India	100.00	100.00
Tata Motors European Technical Centre Plc	UK	100.00	100.00
Tata Technologies Ltd	India	72.29	72.32
Tata Motors Finance Ltd	India	100.00	100.00
Tata Marcopolo Motors Ltd	India	51.00	51.00
TML Holdings Pte Ltd	Singapore	100.00	100.00
TML Distribution Company Ltd	India	100.00	100.00
Tata Hispano Motors Carrocera S.A	Spain	100.00	100.00
Tata Hispano Motors Carroceries Maghreb S.A	Morocco	100.00	100.00
Trilix S.r.l	Italy	80.00	80.00
Tata Precision Industries Pte Ltd	Singapore	78.39	78.39
Joint Ventures			
JT Special Vehicle (P) Ltd	India	50.00	50.00
Associates			
Automobile Corporation of Goa Ltd	India	46.44	46.44
Nita Co. Ltd	Bangladesh	40.00	40.00
Tata AutoComp Systems Ltd	India	26.00	26.00
Tata Hitachi Construction Machinery Company Private Ltd	India	39.74	39.74

Notes Forming Part of Financial Statements

45. Employee benefits

Defined Benefit Plan

Pension and post retirement medical plans

The following table sets out the funded and unfunded status and the amounts recognised in the financial statements for the pension and the post retirement medical plans in respect of Tata Motors and joint operations:

(₹ in crores)

	Pension Benefits		Post retirement Medical Benefits	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Change in defined benefit obligations :				
Defined benefit obligation, beginning of the year	860.35	813.84	169.31	148.60
Current service cost	56.64	54.11	8.89	7.47
Interest cost	60.26	61.88	12.01	11.55
Remeasurements (gains) / losses				
Actuarial (gains) / losses arising from changes in demographic assumptions	(11.28)	-	(11.17)	-
Actuarial (gains) / losses arising from changes in financial assumptions	25.21	12.58	(2.65)	20.24
Actuarial (gains) / losses arising from changes in experience adjustments	8.70	(6.89)	(28.24)	(10.31)
Transfer in/(out) of liability	1.58	-	-	-
Benefits paid from plan assets	(105.49)	(69.89)	-	-
Benefits paid directly by employer	(5.34)	(5.28)	(9.60)	(8.24)
Past service cost- plan amendments	7.55	-	-	-
Defined benefit obligation, end of the year	**898.18**	**860.35**	**138.55**	**169.31**
Change in plan assets:				
Fair value of plan assets, beginning of the year	738.53	711.33	-	-
Interest income	55.42	54.59	-	-
Remeasurements gains / (losses)				
Return on plan assets, (excluding amount included in net Interest expense)	(0.59)	23.81	-	-
Employer's contributions	110.28	18.69	-	-
Transfer in/(out) of assets	1.58	-	-	-
Benefits paid	(105.49)	(69.89)	-	-
Fair value of plan assets, end of the year	**799.73**	**738.53**	**-**	**-**

	Pension Benefits		Post retirement medical Benefits	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Amount recognised in the balance sheet consists of				
Present value of defined benefit obligation	898.18	860.35	138.55	169.31
Fair value of plan assets	799.73	738.53	-	-
Net liability	**(98.45)**	**(121.82)**	**(138.55)**	**(169.31)**
Amounts in the balance sheet:				
Non–current assets	0.82	4.26	-	-
Non–current liabilities	(99.27)	(126.08)	(138.55)	(169.31)
Net liability	**(98.45)**	**(121.82)**	**(138.55)**	**(169.31)**

Notes Forming Part of Financial Statements

Total amount recognised in other comprehensive income consists of:

(₹ in crores)

	Pension Benefits		Post retirement medical Benefits	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Remeasurements (gains) / losses	(4.99)	(28.21)	(40.20)	1.86
	(4.99)	**(28.21)**	**(40.20)**	**1.86**

Information for funded plans with a defined benefit obligation in excess of plan assets:

	Pension Benefits	
	As at March 31, 2018	As at March 31, 2017
Defined benefit obligation	44.71	704.77
Fair value of plan assets	41.99	678.02

Information for funded plans with a defined benefit obligation less than plan assets:

	Pension Benefits	
	As at March 31, 2018	As at March 31, 2017
Defined benefit obligation	756.92	56.25
Fair value of plan assets	757.74	60.51

Information for unfunded plans:

	Pension Benefits		Post retirement medical Benefits	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Defined benefit obligation	**96.55**	**99.33**	**138.55**	**169.31**

Net pension and post retirement medical cost consist of the following components:

	Pension Benefits		Post retirement medical Benefits	
	Year ended March 31, 2018	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017
Service cost	56.64	54.11	8.89	7.47
Net interest cost / (income)	4.84	7.29	12.01	11.55
Past service cost- plan amendments	7.55	-	-	-
Net periodic cost	**69.03**	**61.40**	**20.90**	**19.02**

Notes Forming Part of Financial Statements

Other changes in plan assets and benefit obligation recognised in other comprehensive income.

	Pension Benefits		Post retirement medical Benefits	
	Year ended March 31, 2018	Year ended March 31, 2017	**Year ended March 31, 2018**	Year ended March 31, 2017
Remeasurements				
Return on plan assets, (excluding amount included in net Interest expense)	0.59	(23.81)	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	(11.28)	-	(11.17)	-
Actuarial (gains) / losses arising from changes in financial assumptions	25.21	12.58	(2.65)	20.24
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	8.70	(6.89)	(28.24)	(10.31)
Total recognised in other comprehensive income	**23.22**	**(18.12)**	**(42.06)**	**9.93**
Total recognised in statement of profit and loss and other comprehensive income	**92.25**	**43.28**	**(21.16)**	**28.95**

The assumptions used in accounting for the pension and post retirement medical plans are set out below:

	Pension Benefits		Post retirement medical Benefits	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Discount rate	6.75%-7.70%	6.75%-7.50%	7.70%	7.30%
Rate of increase in compensation level of covered employees	6.00%-8.00%	5.00%-8.00%	NA	NA
Increase in health care cost	NA	NA	6.00%	6.00%

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2018 and 2017 by category are as follows:

	Pension benefits	
	As at March 31, 2018	As at March 31, 2017
Asset category:		
Cash and cash equivalents	6.5%	0.4%
Debt instruments (quoted)	65.2%	71.9%
Debt instruments (unquoted)	0.9%	5.4%
Equity instruments (quoted)	1.9%	1.5%
Deposits with Insurance companies	25.5%	20.8%
	100.0%	100.0%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published bench marks.

The weighted average duration of the defined benefit obligation as at March 31, 2018 is **14.5 years** (March 31, 2017 : 15.7 years).

Notes Forming Part of Financial Statements

The Company expects to contribute ₹ **77.61 crores** to the funded pension plans in FY 2018-19.

The table below outlines the effect on the service cost, the interest cost and the defined benefit obligation in the event of a decrease/increase of 1% in the assumed rate of discount rate, salary escalation and health care cost:

Assumption	Change in assumption	Impact on defined benefit obligation	Impact on service cost and interest cost
Discount rate	Increase by 1%	Decrease by ₹ 78.74 crores	Decrease by ₹ 16.07 crores
	Decrease by 1%	Increase by ₹ 91.16 crores	Increase by ₹ 17.42 crores
Salary escalation rate	Increase by 1%	Increase by ₹ 69.71 crores	Increase by ₹ 15.91 crores
	Decrease by 1%	Decrease by ₹ 61.92 crores	Decrease by ₹ 13.96 crores
Health care cost	Increase by 1%	Increase by ₹ 16.49 crores	Increase by ₹ 3.78 crores
	Decrease by 1%	Decrease by ₹ 13.97 crores	Decrease by ₹ 3.12 crores

The Company's contribution to defined contribution plan aggregated to ₹ **182.20 crores** and ₹ 163.30 crores for the years ended March 31, 2018 and 2017 respectively.

Notes Forming Part of Financial Statements

46 Additional information

The financial statements include the Company's proportionate share of assets, liabilities, income and expenditure in its two Joint Operations, namely Tata Cummins Private Limited and Fiat India Automobile Private Limited. Below are supplementary details of Tata Motors Limited on standalone basis excluding interest in the aforesaid two Joint Operations:

A. Balance Sheet

(₹ in crores)

	As at March 31, 2018	As at March 31, 2017
I. ASSETS		
(1) NON-CURRENT ASSETS		
(a) Property, plant and equipment	16,030.88	16,325.13
(b) Capital work-in-progress	1,337.89	1,490.50
(c) Other intangible assets	3,198.53	2,723.94
(d) Intangible assets under development	3,811.03	5,330.49
(e) Investments in subsidiaries, joint arrangements and associates	15,607.64	15,987.06
(f) Financial assets		
(i) Investments	310.19	528.37
(ii) Loans and advances	143.36	390.71
(iii) Other financial assets	784.46	190.54
(g) Non-current tax assets (net)	650.46	722.13
(h) Other non-current assets	1,419.52	1,536.27
	43,293.96	**45,225.14**
(2) CURRENT ASSETS		
(a) Inventories	4,925.47	5,185.58
(b) Investments in subsidiaries and associate (held-for-sale)	681.91	-
(c) Financial assets		
(i) Investments	1,820.87	2,437.42
(ii) Trade receivables	2,960.93	1,922.88
(iii) Cash and cash equivalents	499.65	149.89
(iv) Bank balances other than (iii) above	180.38	86.67
(v) Loans and advances	136.37	215.64
(vi) Other financial assets	525.36	141.47
(d) Current tax assets (net)	73.88	129.49
(e) Assets classified as held-for-sale	223.33	-
(f) Other current assets	1,172.45	1,413.45
	13,200.60	**11,682.49**
TOTAL ASSETS	**56,494.56**	**56,907.63**
II. EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	679.22	679.22
(b) Other equity	19,004.01	20,228.02
	19,683.23	**20,907.24**
LIABILITIES		
(1) NON-CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	12,517.97	13,064.52
(ii) Other financial liabilities	211.28	1,129.68
(b) Provisions	983.55	864.33
(c) Deferred tax liabilities (net)	-	49.63
(d) Other non-current liabilities	97.90	86.61
	13,810.70	**15,194.77**
(2) CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	2,880.34	4,832.20
(ii) Trade payables	8,667.13	6,850.76
(iii) Acceptances	4,814.58	4,379.29
(iv) Other financial liabilities	3,936.77	2,386.11
(b) Provisions	852.93	444.43
(c) Current tax liabilities (net)	14.76	70.06
(d) Other current liabilities	1,834.12	1,842.77
	23,000.63	**20,805.62**
TOTAL EQUITY AND LIABILITIES	**56,494.56**	**56,907.63**

Notes Forming Part of Financial Statements

B. Statement of Profit and Loss

(₹ in crores)

	Particulars		Year ended March 31, 2018	Year ended March 31, 2017
I.	Revenue from operations		57,258.60	48,273.97
II.	Other Income		1,558.00	984.34
III.	**Total Income (I+II)**		**58,816.60**	**49,258.31**
IV.	Expenses			
	(a) Cost of materials consumed		35,011.52	27,387.84
	(b) Purchases of products for sale		5,724.01	4,405.11
	(c) Changes in inventories of finished goods, work-in-progress and products for sale		845.67	(194.51)
	(d) Excise duty		733.95	4,508.46
	(e) Employee benefits expense		3,767.86	3,607.16
	(f) Finance costs		1,686.59	1,535.76
	(g) Foreign exchange (gain)/loss (net)		10.99	(254.14)
	(h) Depreciation and amortisation expense		2,851.27	2,830.84
	(i) Product development/Engineering expenses		474.55	453.33
	(j) Other expenses		8,907.44	8,133.14
	(k) Amount capitalised		(855.08)	(941.60)
	Total Expenses (IV)		**59,158.77**	**51,471.39**
V.	Profit/(loss) before exceptional items and tax (III-IV)		**(342.17)**	**(2,213.08)**
VI.	Exceptional items			
	(a) Provision for impairment of investment in a subsidiary		-	123.17
	(b) Employee separation cost		3.68	67.61
	(c) Provision for impairment of capital-work-in progress and intangibles under development		962.98	-
	(d) Others		-	147.93
VII.	Profit/(loss) before tax (V-VI)		**(1,308.83)**	**(2,551.79)**
VIII.	Tax expense (net)			
	(a) Current tax		6.00	4.02
	(b) Deferred tax		(48.64)	(8.58)
	Total tax expense		**(42.64)**	**(4.56)**
IX.	Profit/(loss) for the year from continuing operations (VII-VIII)		**(1,266.19)**	**(2,547.23)**
X.	Other comprehensive income/(loss):			
	(A) (i) Items that will not be reclassified to profit and loss:			
	(a) Remeasurement gains and (losses) on defined benefit obligations (net)		16.71	12.72
	(b) Quoted equity instruments through other comprehensive income		44.04	73.84
	(ii) Income tax relating to items that will not be reclassified to profit and loss		(5.78)	(4.40)
	(B) (i) Items that will be reclassified to profit and loss - gains and (losses) in cash flow hedges		(19.56)	23.32
	(ii) Income tax relating to items that will be reclassified to profit and loss		6.77	(8.07)
	Total other comprehensive income/(loss), net of taxes		**42.18**	**97.41**
XI.	Total comprehensive income/(loss) for the year (IX+X)		**(1,224.01)**	**(2,449.82)**
XII.	Earnings per equity share (EPS)			
	(a) Ordinary shares:			
	(i) Basic	₹	(3.73)	(7.50)
	(ii) Diluted	₹	(3.73)	(7.50)
	(b) 'A' Ordinary shares:			-
	(i) Basic	₹	(3.73)	(7.50)
	(ii) Diluted	₹	(3.73)	(7.50)

Notes Forming Part of Financial Statements

C. Statement of Changes in Equity for the year ended March 31, 2018

i) Equity Share Capital

(₹ in crores)

Particulars	Equity Share Capital
Balance as at April 1, 2017	679.22
Proceeds from issue of shares held in abeyance	- *
Balance as at March 31, 2018	**679.22**

**less than ₹ 50,000/-*

ii) Other Equity

Particulars	Securities premium account	Capital redemption reserve	Debenture redemption reserve	Capital reserve (on merger)	Retained earnings		Other components of equity (OCI)			Total other equity
					Undistributable (Ind AS 101)	Distributable	Equity instruments through OCI	Hedging reserve	Cost of hedging reserve	
Balance as at April 1, 2017	19,213.93	2.28	1,085.94	(345.30)	627.03	(351.38)	(27.12)	11.26	11.38	**20,228.02**
Profit/(loss) for the year	-	-	-	-	-	(1,266.19)	-	-	-	**(1,266.19)**
Other comprehensive income /(loss) for the year	-	-	-	-	-	10.93	44.04	(14.40)	1.61	42.18
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**(1,255.26)**	**44.04**	**(14.40)**	**1.61**	**(1,224.01)**
Proceeds from issue of shares held in abeyance	0.00*	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	**19,213.93**	**2.28**	**1,085.94**	**(345.30)**	**627.03**	**(1,606.64)**	**16.92**	**(3.14)**	**12.99**	**19,004.01**

** less than ₹ 50,000/-*

Notes Forming Part of Financial Statements

D. Statement of Changes in Equity for the period ended March 31, 2017

i) Equity Share Capital

(₹ in crores)

Particulars	Equity Share Capital
Balance as at April 1, 2016	679.18
Proceeds from issue of shares held in abeyance and amounts received on unpaid calls	0.04
Balance as at March 31, 2017	**679.22**

ii) Other Equity

Particulars	Securities premium account	Capital redemption reserve	Debenture redemption reserve	Capital reserve (on merger)	Retained earnings		Other components of equity (OCI)			Total other equity
					Undistributable (Ind AS 101)	Distributable	Equity instruments through OCI	Hedging reserve	Cost of hedging reserve	
Balance as at April 1, 2016	19209.42	2.28	1,042.15	-	709.36	1,572.34	(100.96)	7.39	-	**22,441.98**
Effect of merger of TML Drivelines	-	-		(345.30)	(82.33)	731.98	-	-	-	**304.35**
Balance as at April 1, 2016	19,209.42	2.28	1,042.15	(345.30)	627.03	2,304.32	(100.96)	7.39	-	**22,746.33**
Profit/(loss) for the year	-	-	-	-	-	(2,547.23)	-	-	-	**(2,547.23)**
Other comprehensive income /(loss) for the year	-	-	-	-	-	8.32	73.84	3.87	11.38	**97.41**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**(2,538.91)**	**73.84**	**3.87**	**11.38**	**(2,449.82)**
Proceeds from issue of shares held in abeyance	4.51	-	-	-	-	-	-	-	-	**4.51**
Transfer to Debenture redemption reserve	-	-	43.79	-	-	(43.79)	-	-	-	**-**
Dividend (including dividend tax)	-	-	-	-	-	(73.00)	-	-	-	**(73.00)**
Balance as at March 31, 2017	**19,213.93**	**2.28**	**1,085.94**	**(345.30)**	**627.03**	**(351.38)**	**(27.12)**	**11.26**	**11.38**	**20,228.02**

Notes Forming Part of Financial Statements

47. Other notes:

i) Micro, Small and Medium Enterprises Development Act, 2006

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 :

(₹ in crores)

			As at March 31, 2018	As at March 31, 2017
(a)	Amounts outstanding but not due as at March 31,		141.59	125.11
(b)	Amounts due but unpaid as at March 31,	- Principal	0.69	-
(c)	Amounts paid after appointed date during the year	- Principal	95.50	88.32
(d)	Amount of interest accrued and unpaid as at March 31,	- Interest	2.55	1.72
(e)	Amount of estimated interest due and payable for the period from April 1,2018 to actual date of payment or May 23, 2018 (whichever is earlier)	- Interest	0.17	0.18

ii) Expenditure incurred on Research and Development by Tata Motors Limited on standalone basis excluding interest in the joint operations

(₹ in crores)

Particulars		Year ended March 31, 2018	Year ended March 31, 2017
(a)	Revenue expenditure charged to the statement of profit and loss (Product development / Engineering expenses, exceptional items and works, operations & other expenses)	923.10	508.26
(b)	Revenue expenditure capitalised to intangibles under development during the year	1,362.51	1,526.34
(c)	Capital expenditure in relation to tangible fixed assets	111.91	65.59
	Total	**2,397.52**	**2,100.19**

iii) Effective April 30, 2018, the Company completed the merger of TML Drivelines Ltd (TML Drivelines) pursuant to a scheme of arrangement of merger. As TML Drivelines is a wholly owned subsidiary of the Company, the merger has been accounted in accordance with "Pooling of Interest Method" laid down by Appendix C of Indian Accounting Standard 103 (Ind AS 103): (Business combinations of entities under common control), notified under the Companies Act, 2013.

Accordingly, all assets, liabilities and reserves of TML Drivelines have been recorded in the books of account of the Company at their existing carrying amounts and in the same form. To the extent that there are inter-company loans, advances, deposits, balances or other obligations as between TML Drivelines and the Company, have been eliminated. The difference, between the investments held by the Company and all assets, liabilities and reserves of TML Drivelines, has been debited to capital reserve. Comparative accounting period presented in the financial statements of the Company has been restated for the accounting impact of the merger, as stated above, as if the merger had occurred from the beginning of the comparative period in the financial statements i.e. April 1, 2016.

Notes Forming Part of Financial Statements

iv) The Company's certain assets related to defence business are classified as "Held for Sale" as they meet the criteria laid out under Ind AS 105.

v) The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

As per our report of even date attached

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

YEZDI NAGPOREWALLA
Partner
Membership No. 049265
Mumbai, May 23, 2018

For and on behalf of the Board

N CHANDRASEKARAN *[DIN: 00121863]*
Chairman

N MUNJEE *[DIN:00010180]*

V K JAIRATH *[DIN:00391684]*

F S NAYAR *[DIN:00003633]*

O P BHATT *[DIN:00548091]*

R SPETH *[DIN:03318908]*

Directors

GUENTER BUTSCHEK *[DIN: 07427375]*
CEO and Managing Director

S B BORWANKAR *[DIN: 01793948]*
ED and Chief Operating Officer

P B BALAJI
Group Chief Financial Officer

H K SETHNA *[FCS: 3507]*
Company Secretary

Mumbai, May 23, 2018