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, 2017, Tata Sons Limited, together with its subsidiaries owns 31.69 % of the Ordinary shares and 0.09 % of 'A' Ordinary shares of the Company, and has the ability to significantly influence the Company's operation.

The standalone financial statements were approved by the Board of Directors and authorized for issue on May 23, 2017.

2. Significant accounting policies

(a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period figures have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the Total comprehensive income for the year ended March 31, 2016.

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").

(b) Basis of preparation

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.

(c) 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 recognized in the financial statements are included in following notes :

i) Note 3 - Property, plant and equipment

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

(d) Revenue recognition

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

(i) Sale of products

The Company recognizes 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. Sale of products includes export and other recurring and non-recurring incentives from governments (referred to as "incentives"). Revenues are recognized when collectability of the resulting receivable is reasonably assured.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Incentives are recognized when there is reasonable assurance that the Company will comply with the conditions and the incentive will be received. Incentives are recorded at fair value where applicable. Sales of products include incentives of ₹ **309.86 crores** and ₹ 481.62 crores for the years ended March 31, 2017 and 2016, respectively.

(ii) **Other operating revenue** Include incentive of ₹ **110.01 crores** and ₹ 82.84 crores for the year ended March 31, 2017 and 2016, respectively, towards Exports Promotion Capital Goods (EPCG) scheme.

(e) Cost recognition

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

Expenditure capitalized 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 recognized 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 is 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 four years.

(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 are recognized in the Statement of Profit and Loss except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalized as part of borrowing costs.

(h) Income taxes

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

Current income taxes are determined based on respective taxable income of each taxable entity.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized 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 recognized 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 utilized.

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

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) Earnings per share

Basic earnings per share has been computed by dividing profit/loss for the year 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.

(j) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of raw materials, components and consumables are ascertained on a moving weighted average/monthly 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 realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(k) **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 capitalized 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 apply the useful life for various categories of property, plant & equipment, 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, Bridges 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, fixture and office appliances	5 to 15 years

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

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.

(l) **Other intangible assets**

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

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

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

The amortization period for intangible assets with finite useful lives is 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 and Loss in the year in which they are incurred.

Product development costs incurred on new vehicle platform, engines, transmission and new products are recognized 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 probable future economic benefits.

The costs capitalized 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 capitalized 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.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment, if any.

(m) **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 recognized is not reversed in subsequent period.

(n) **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.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Assets taken on finance lease

A finance lease is recognized 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 capitalized 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 recognized on the Company's balance sheet. Payments made under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

(o) **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 recognized immediately in the Statement of Profit and Loss.

As at March 31, 2017, none of the Company's property, plant and equipment and intangible assets were considered impaired.

(p) **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.

Separate irrevocable trusts are maintained for employees covered and entitled to benefits. Tata Motors Limited contributes up to 15% or ₹1,50,000, whichever is lower, of the eligible employees' salary to the trust every year. Such contribution are recognised as an expense when incurred. Tata Motors Limited 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS

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) **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 recognized 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 and Loss.

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

vii) **Measurement date**

The measurement date of retirement plans is March 31.

(q) **Dividends**

Any dividend declared or paid by Tata Motors Limited for any financial year is based on the profits available for distribution as reported in the statutory financial statements of Tata Motors Limited (Standalone) prepared in accordance with Generally Accepted Accounting Principles in India, or Indian GAAP or Ind AS. Indian law permits the declaration and payment of dividend out of profits for the year or previous financial year(s) as stated in the statutory financial statements of Tata Motors Limited (Standalone) prepared in accordance with Generally Accepted Accounting Principles in India, or Indian GAAP or Ind AS after providing for depreciation in accordance with the provisions of Schedule II to the Companies Act. However, in the absence or inadequacy of the said profits, it may declare dividend out of free reserves, subject to certain conditions as prescribed under the Companies (Declaration and payment of Dividend) Rules, 2014. Accordingly, in certain years the net income reported in these financial statements may not be fully distributable. The amount available for distribution is ₹ **Nil** as at March 31, 2017 (₹ 198.19 crores as at March 31, 2016).

(r) **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.

(s) **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.

(t) **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 recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized 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 category. Subsequently, these are measured at amortized 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 irrevocably designated as such upon initial recognition. Subsequently, these are measured at fair value and changes therein are recognized directly in other comprehensive income, net of applicable income taxes.

Dividends from these equity investments are recognized in the Statement of Profit and Loss when the right to receive payment has been established.

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

Financial assets at fair value through profit or 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 at fair value through profit or loss are immediately recognised in profit or 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS

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 recognized in the Statement of Profit and 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 recognized less, the cumulative amount of income recognized.

Other financial liabilities: These are measured at amortized 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 derecognizes 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 recognizes 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 recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

iv) **Impairment of financial assets:**

The Company recognizes a loss allowance for expected credit losses on a financial asset that is at amortized 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.

(u) **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 recognized in other comprehensive income and the ineffective portion is recognized immediately in the Statement of Profit and Loss. Amounts accumulated in equity are reclassified to the Statement of Profit and Loss in the periods in which the forecasted transactions occurs.

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 recognized 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 recognized 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 recognized in equity is immediately transferred to the Statement of Pofit and Loss for the year.

(v) **Recent accounting pronouncements**

New Accounting pronouncements affecting amounts reported and /or disclosures in the financial statements.

The Company has not applied the following revisions to Ind ASs that have been issued but are not yet effective. The Company is evaluating the impact of these pronouncements on the financial statements:

i) Amendments to Ind AS 107 – Statements of Cash Flows

In March 2017, the Ministry of Corporate Affairs (MCA) issued amendments to Ind AS 107 - Statement of Cash Flows introducing additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is effective from April 1, 2017.

ii) Amendments to Ind AS 102 – Share-based Payments

In March 2017, the MCA issued amendments to Ind AS 102 – Share-based Payments that clarify how to account certain share-based payment transactions. The amendments for:

- Accounting requirements with respect to the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- Accounting requirements with respect to share-based payment transactions with a net settlement feature for withholding tax obligations; and
- Modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendment is effective from April 1, 2017.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(w) **Transition to Ind AS**

The Company has prepared the opening balance sheet as per Ind AS as at April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required by Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Fair valuation as deemed cost for certain items of Property, Plant and Equipment and Other intangible assets

The Company has elected to measure certain items of its Property, Plant and Equipment and its related intangible assets at its fair value and use that fair value as its deemed cost at the date of transition to Ind AS. Other items of Property, Plant and Equipment and Other intangible assets have been measured as per Ind AS 16 and Ind AS 38, respectively.

Derecognition of financial assets

The Company has choosen to apply derecognition criteria retrospectively. Accordingly certain trade receivables have been re-recognised under Ind AS as at April 1, 2015.

Reconciliation between Previous GAAP and Ind AS

(₹ in crores)

a) Equity Reconciliation

	Particulars	Note	As at March 31, 2016		As at April 1, 2015	
Equity as reported under previous GAAP				22,368.08		14,862.59
(a)	Equity of Joint operations	(h)		177.82		(62.45)
(b)	Movement of financial instruments classified as fair value through Other Comprehensive Income	(a)		(100.95)		(101.78)
(c)	Proposed Dividend	(b)		73.00		-
(d)	Provision for expected credit losses	(c)		(2,130.87)		(2,112.87)
(e)	Gain on fair value of below market interest loan (net of effective interest rate adjustment)	(d)		447.48		396.98
(f)	Property, plant and equipment and intangible assets:	(e)&(f)				
	(i) Fair valuation as deemed cost for Property, Plant and Equipment and intangible assets		2,609.67		2,343.98	
	(ii) Foreign exchange		(764.93)		(741.94)	
	(iii) Pre-operative expenses		(47.89)		(50.89)	
	(iv) Interest capitalized		193.94		186.79	
	(v) Government Grant (EPCG licenses)		515.46	2,506.25	514.68	2,252.62
(g)	Fair value gain on investments in mutual funds	(a)		9.34		-
(h)	Others (net)			(51.16)		(49.71)
(i)	Tax effect on above adjustments	(g)		(36.88)		(36.02)
Equity under Ind AS				23,262.11		15,149.36

b) Total Comprehensive Income Reconciliation

	Particulars	Note	Year ended March 31, 2016
	Net profit after tax as reported under previous GAAP		234.23
(a)	Profits of Joint operations (net of tax)	(h)	239.29
(b)	Reversal of exchange loss accumulated in foreign currency monetary item translation difference account	(f)	(82.50)
(c)	Effect of adoption of fair value as deemed cost relating to property, plant and equipment and intangibles (net of depreciation and amortization)	(e) & (f)	253.63
(d)	Gain on fair value of below market interest loan (net of effective interest rate adjustment)	(d)	50.50
(e)	Reversal of gain on sale of Investment in Equity instruments classified as fair value through Other Comprehensive Income	(a)	(80.38)
(f)	Fair value gain on investment in mutual funds	(a)	9.34
(g)	Provision for expected credit losses	(c)	(18.00)
(h)	Reversal of Profit on sale of investments on common control transactions		(656.36)
(i)	Others (net)		(12.91)
(j)	Tax effect on above adjustments	(g)	0.86
	Net loss after tax as per Ind AS		(62.30)
	Other Comprehensive Income (net of tax)		85.47
	Total Comprehensive Income after tax as per Ind AS		23.17

NOTES FORMING PART OF FINANCIAL STATEMENTS

Notes to reconciliations between Previous GAAP and Ind AS

(a) **Investments**

Under Previous GAAP, investments were classified into current and long term investments. Current investments were carried at the lower of cost or market value, while long term investments were carried at cost less any impairment that was other than temporary.

Under Ind AS, equity investments have been classified as Fair Value through Other Comprehensive Income (FVTOCI). Fair value movements are recognized directly in other comprehensive income on such investments. Investment in Mutual Funds have been classified as Fair Value through Profit or Loss (FVTPL) and fair value changes are recognized in Statment of Profit and Loss.

(b) **Dividends**

Under Ind AS, dividends payable are recorded as a liability in the year in which these are declared and approved. Under Previous GAAP, dividends payable were recorded as a liability in the year to which they relate.

(c) **Provision for expected credit losses**

Financial guarantees issued by the Company are accounted in Ind AS initially at fair value and subsequently measured at the higher of the loss allowance based on Ind AS 109; and the amount initially recognized, reduced by the amount of income recorded as per Ind AS 18. On the transition date, such contracts are measured based on the expected credit losses.

Under Previous GAAP, such estimates were determined based on experience of historic losses on such contracts.

Impairment for trade receivable is measured in Ind AS based on life time expected credit losses. Expected credit loss allowance is measured based on historical credit loss experience, defaults, bankruptcy and forward looking information where relevant adjusted for probability of recovery. Under Previous GAAP, provision for trade receivable is measured based on factors such as age of receivables, defaults etc. adjusted for probability of recovery.

(d) **Gain on fair value of below market interest loans**

Under Ind AS, below market interest rate loan received is recorded at fair value by using an appropriate discount rate on date of obtaining the loan. The difference between the fair value and the amount received is recognised as a gain in profit or loss as per Ind AS 20. The interest expense is recorded periodically till the maturity of the loan based on effective interest method.

Under Previous GAAP, the loan were recorded same as the amount received.

(e) **Property, plant and equipment and intangible assets**

On the date of transition to Ind AS, the Company has elected to measure certain items of property, plant and equipment and intangible assets at fair value and use that fair value as its deemed cost. The aggregate fair values of such property, plant and equipment is ₹5,647.20 crores and of related intangible assets is ₹1,891.97 crores. Fair value adjustments recorded to the carrying amounts is ₹3,447.20 crores for property, plant and equipment and ₹(1,103.22) crores for related Intangible assets.

Under Ind AS, all foreign exchange transaction gains and losses are recorded in net income except to the extent these are treated as an adjustment to interest cost and considered for capitalization. Under Previous GAAP, foreign exchange gains and losses arising on foreign currency denominated borrowings that were incurred to acquire property, plant and equipment and intangible assets were recorded in the cost of the asset and depreciated over their remaining useful life.

Further under Previous GAAP, the cost of property, plant and equipment also included indirectly attributable expenses that are incurred before a property, plant and equipment is ready for its intended use. Under Ind AS such costs are expensed as incurred.

Under Ind AS, import duty waivers for capital assets purchased under Export Promotion Credit Guarantee (EPCG) schemes are recorded as deferred revenue and recognized in Statment of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled. On the transition date, the Company, therefore, recorded an adjustment to measure such property, plant and equipment in accordance with Ind AS 16. Under Previous GAAP, cost of the property, plant and equipment was recorded at the cash price paid to acquire such assets.

Consequently, depreciation relating to the above differences in the cost of property, plant and equipment under Ind AS and Previous GAAP has also been adjusted.

(f) **Exchange gain/(loss) accumulated in foreign currency monetary item translation difference account**

Under Ind AS, all exchange differences are accounted for in the statement of profit and loss in the period in which they arise. Under Previous GAAP, exchange differences relating to long term foreign currency monetary assets/liabilities were accounted for in the following manner:

(a) Differences relating to borrowings attributable to the acquisition of the depreciable capital asset were added to/deducted from the cost of such capital assets;

(b) Other differences were accumulated in foreign currency monetary item translation difference account, to be amortized over the period, beginning April 1, 2011 or date of inception of such item, as applicable, and ending on March 31, 2020 or the date of its maturity, whichever was earlier.

(g) Deferred taxes have been recorded under Ind AS for undistributed earnings of joint operations and intra company adjustments with joint operations, which were not recorded under Previous GAAP.

(h) **Accounting for Joint Operations**

Under Ind AS, in its separate financial statements, a joint operator shall recognize its share of assets, liabilities, revenue and expenses in a joint operation.

Under Previous GAAP the interest in the joint operation was recognized as Investments and measured at cost less impairment other than temporary.

(i) **Cash Flow Statement**

Under Ind AS, cash flow statement for the year ended March 31, 2016 includes the amounts in respect of Joint Operations. There are no other reconciling items between cash flow statement reported under Previous GAAP and Ind AS.

3. Property, plant and equipment

(₹ in crores)

	Owned assets						Given on lease		Taken on lease				Total
	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	
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**
Additions	**-**	**80.48**	**1,517.47**	**11.45**	**24.33**	**40.60**	**-**	**-**	**-**	**-**	**4.62**	**4.31**	**1,683.26**
Disposal	**-**	**(0.37)**	**(107.43)**	**(3.71)**	**(16.58)**	**(32.27)**	**-**	**-**	**-**	**(79.99)**	**-**	**-**	**(240.35)**
Cost as at March 31, 2017	**4,574.93**	**3,327.50**	**23,741.42**	**237.27**	**184.50**	**637.05**	**32.88**	**4.05**	**31.28**	**36.43**	**178.88**	**4.31**	**32,990.50**
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)**
Depreciation for the year	**-**	**(105.66)**	**(1,661.23)**	**(12.47)**	**(24.41)**	**(34.75)**	**(1.76)**	**(0.09)**	**(0.51)**	**(19.87)**	**(12.01)**	**(0.65)**	**(1,873.41)**
Disposal	**-**	**0.10**	**94.19**	**1.79**	**13.69**	**32.26**	**-**	**-**	**-**	**79.99**	**-**	**-**	**222.02**
Accumulated depreciation as at March 31, 2017	**-**	**(982.94)**	**(13,639.62)**	**(131.59)**	**(122.68)**	**(524.08)**	**(19.26)**	**(0.68)**	**(6.27)**	**(34.60)**	**(163.36)**	**(0.65)**	**(15,625.73)**
Net carrying amount as at March 31, 2017	**4,574.93**	**2,344.56**	**10,101.80**	**105.68**	**61.82**	**112.97**	**13.62**	**3.37**	**25.01**	**1.83**	**15.52**	**3.66**	**17,364.77**
Cost as at April 1, 2015	4,574.93	3,120.52	21,212.81	211.55	170.02	611.92	33.05	4.05	31.28	116.42	164.46	-	30,251.01
Additions	-	128.04	1,435.86	18.97	38.09	26.37	1.00	-	-	-	9.80	-	1,658.13
Write off of assets	-	-	(225.79)	-	-	-	-	-	-	-	-	-	(225.79)
Disposal	-	(1.17)	(91.50)	(0.99)	(31.36)	(9.57)	(1.17)	-	-	-	-	-	(135.76)
Cost as at March 31, 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
Accumulated depreciation as at April 1, 2015	-	(777.09)	(11,112.42)	(109.16)	(112.21)	(498.19)	(16.13)	(0.50)	(5.25)	(94.72)	(135.44)	-	(12,861.11)
Depreciation for the year	-	(100.68)	(1,206.00)	(12.61)	(26.12)	(32.84)	(1.89)	(0.09)	(0.51)	-	(15.91)	-	(1,396.65)
Write off of assets	-	-	165.47	-	-	-	-	-	-	-	-	-	165.47
Disposal	-	0.39	80.37	0.86	26.37	9.44	0.52	-	-	-	-	-	117.95
Accumulated depreciation as at March 31, 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)
Net carrying amount as at March 31, 2016	4,574.93	2,370.01	10,258.80	108.62	64.79	107.13	15.38	3.46	25.52	21.70	22.91	-	17,573.25

Notes:

a) Building include ₹**8,631.00** (as at March 31, 2016 ₹8,631.00) being value of investment in shares of Co-operative Housing Societies.

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

c) During the year ended March 31, 2017, the Company has carried out a review of the useful life of its property, plant and equipment in accordance with the accounting policy. Considering the physical condition of the assets and benchmarking analysis, the Company has revised the useful life of its assets. As a result, the net depreciation charge for the year ended March 31, 2017 is higher by ₹**222.29 crores.**

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, 2017			As at March 31, 2016			As at April 1, 2015		
	Operating	**Finance**		**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**	**Minimum Lease Payments**	**Minimum Lease Payments**	**Present value of minimum lease payments**
Not later than one year	**0.97**	**8.65**	**8.36**	1.68	13.27	12.08	1.75	16.86	15.22
Later than one year but not later than five years	**1.62**	**9.97**	**9.44**	7.87	10.68	10.03	7.55	11.94	10.94
Later than five years	**29.90**	**-**	**-**	868.58	-	-	870.55	-	-
Total minimum lease commitments	**32.49**	**18.62**	**17.80**	878.13	23.95	22.11	879.85	28.80	26.16
Less: future finance charges		**(0.82)**			(1.84)			(2.64)	
Present value of minimum lease payments		**17.80**			**22.11**			**26.16**	
Included in the financial statements as:									
Other financial liabilities - current (refer note 26)			**8.36**			12.08			15.22
Other financial liabilities - non-current (refer note 25)			**9.44**			10.03			10.94
			17.80			**22.11**			**26.16**

Total operating lease rent expenses were ₹ **28.79 crores** and ₹ 111.71 crores for the years ended March 31, 2017 and 2016, respectively.

5. Other Intangible assets

(₹ in crores)

Particulars	Technical know how	Computer Software	Product development	Total
Cost as at April 1, 2016	**348.91**	**513.06**	**6,796.77**	**7,658.74**
Additions	**0.24**	**20.00**	**445.96**	**466.20**
Fully amortised not in use	**-**	**-**	**(2,437.76)**	**(2,437.76)**
Cost as at March 31, 2017	**349.15**	**533.06**	**4,804.97**	**5,687.18**
Accumulated amortisation as at April 1, 2016	**(123.45)**	**(459.13)**	**(3,672.69)**	**(4,255.27)**
Amortisation for the year	**(33.20)**	**(26.80)**	**(1,035.98)**	**(1,095.98)**
Fully amortised not in use	**-**	**-**	**2,437.76**	**2,437.76**
Accumulated amortisation as at March 31, 2017	**(156.65)**	**(485.93)**	**(2,270.91)**	**(2,913.49)**
Net carrying amount as at March 31, 2017	**192.50**	**47.13**	**2,534.06**	**2,773.69**
Cost as at April 1, 2015	321.37	491.23	6,536.82	7,349.42
Additions	27.54	23.00	1,167.67	1,218.21
Write off of assets	-	-	(907.72)	(907.72)
Disposal	-	(1.17)	-	(1.17)
Cost as at March 31, 2016	348.91	513.06	6,796.77	7,658.74
Accumulated amortisation as at April 1, 2015	(90.95)	(420.87)	(3,616.15)	(4,127.97)
Amortization for the year	(32.50)	(39.43)	(860.64)	(932.57)
Write off of assets	-	-	804.10	804.10
Disposal	-	1.17	-	1.17
Accumulated amortisation as at March 31, 2016	(123.45)	(459.13)	(3,672.69)	(4,255.27)
Net carrying amount as at March 31, 2016	225.46	53.93	3,124.08	3,403.47

Note:

During the year ended March 31, 2017, the Company has carried out a review of the useful life of its property, plant and equipment in accordance with the accounting policy. Considering the physical condition of the assets and benchmarking analysis, the Company has revised the useful life of its assets. As a result the Company has also revised useful life of related intangible assets, therefore the net amortization charge for the year ended March 31, 2017 is higher by **₹83.89 crores.**

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

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

Number	Face value per unit	Description	As at March 31, 2017		As at March 31, 2016		As at April1, 2015	
		Equity shares						
		i) Subsidiaries						
		Unquoted						
		Sheba Properties Ltd	-		-		75.00	
3,03,00,600	10	Tata Technologies Ltd	**224.10**		224.10		224.10	
6,36,97,694	10	Concorde Motors (India) Ltd [Note 4] (3,00,00,000 shares acquired during the year)	**109.63**		79.63		64.63	
11,50,00,000	10	TAL Manufacturing Solutions Ltd	**200.00**		200.00		185.00	
7,70,00,000	10	TML Drivelines Ltd	**448.85**		448.85		448.85	
25,00,000	10	Tata Motors Insurance Broking and Advisory Services Ltd [Note 3]	**19.31**		19.31		19.31	
5,39,98,427 (GBP)	1	Tata Motors European Technical Centre PLC, (UK) (1,96,05,932 shares acquired during the year) [Note 2]	**474.90**		292.71		262.73	
7,900	-	Tata Technologies Inc, (USA)	**0.63**		0.63		0.63	
1,31,90,20,771	10	Tata Motors Finance Ltd	**2,500.00**		2,500.00		2,500.00	
8,67,00,000	10	Tata Marcopolo Motors Ltd	**86.70**		86.70		86.70	
22,50,00,000	10	TML Distribution Company Ltd	**225.00**		225.00		225.00	
2,51,16,59,418 (USD)	1	TML Holdings Pte Ltd, (Singapore)	**10,158.52**		10,158.52		10,158.52	
1,34,523 (EUR)	31.28	Tata Hispano Motors Carrocera S.A., (Spain)	**17.97**		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		40.53	
		Trilix Srl., Turin (Italy) [Note 5]	**11.94**		11.94		11.94	
1,00,000 (NGN)	1	TMNL Motor Services Nigeria Ltd	**-** #		- #		-	
			14,567.68		14,355.49		14,320.91	
		Less: Provision for impairment of long term investments	**(214.28)**	**14,353.40**	(104.65)	14,250.84	(55.06)	14,265.85
		Advance towards Investments						
		Tata Motors Eurpoean Technical Centre PLC (UK)	**-**		43.11		-	
		Tata Hispano Motors Carroceries Maghreb S.A., (Morocco)	**-**		-		49.59	
		Concorde Motors (India) Ltd	**-**	**-**	30.00	73.11	-	49.59
				14,353.40		14,323.95		14,315.44
		ii) Associates						
		Quoted						
29,82,214	10	Automobile Corporation of Goa Ltd	**108.22**		108.22		108.22	
		Unquoted						
16,000 (TK)	1,000	NITA Co. Ltd (Bangladesh)	**1.27**		1.27		1.27	
5,23,33,170	10	Tata AutoComp Systems Ltd	**77.47**		77.47		77.47	
4,54,28,572	10	Tata Hitachi Construction Machinery Company Private Ltd [1,59,00,000 Preference shares converted to 56,78,572 equity shares]	**238.50**	**425.46**	79.50	266.46	79.50	266.46
		(iii) Joint Ventures (JV)						
		Unquoted						
5,000	10	JT Special Vehicle (P) Ltd. (5,000 shares acquired during the year)	**0.01**	**0.01**	-	-	-	-
		Total		**14,778.87**		14,590.41		14,581.90

Less than ₹ 50,000

Notes:

		2017	2016	2015
(1)	Market Value of quoted investment	**189.16**	125.75	131.73

(2) The Company had given a letter of comfort to ANZ Bank, London for GBP 2 million (₹ 16.19 crores as at March 31, 2017) 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 HDFC Bank amounting to ₹ 1 crore against Working Capital Facility to Tata Motors Insurance Broking and Advisory Services Limited (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.

(4) The Company has given a letter of comfort to Tata Capital Financial Services Limited amounting to ₹ 15 crores against credit facility extended to Concorde Motors (India) Limited (CMIL). The Company will not dilute its stake in CMIL below 100% during the tenor of the facility.

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

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity shares			
Subsidiaries			
Unquoted			
PT Tata Motors Indonesia	**-**	-	15.54
Total	**-**	-	15.54

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

8. Investments-non-current

Number	Face value per unit	Description	As at March 31, 2017		As at March 31, 2016		As at April1, 2015	
		Investment in equity shares measured at fair value through other comprehensive income						
		Quoted						
44,32,497	10	Tata Steel Ltd	**213.96**		141.71		140.41	
70,249	10	Tata Chemicals Ltd	**4.22**	**218.18**	2.63	144.34	3.12	143.53
		Unquoted						
50,000	1,000	Tata International Ltd	**28.85**		28.85		28.85	
1,383	1,000	Tata Services Ltd	**0.14**		0.14		0.14	
350	900	The Associated Building Company Ltd	**0.01**		0.01		0.01	
1,03,10,242	100	Tata Industries Ltd	**183.19**		183.19		183.19	
33,600	100	Kulkarni Engineering Associates Ltd	**-**		-		-	
12,375	1,000	Tata Sons Ltd	**68.75**		68.75		68.75	
2,25,00,001	10	Haldia Petrochemicals Ltd	**22.50**		22.50		22.50	
2,40,000	10	Oriental Floratech (India) Pvt. Ltd	**-**		-		-	
43,26,651	15	Tata Capital Ltd	**6.70**		6.70		6.70	
50,000	10	NICCO Jubilee Park Ltd.	**0.05**	**310.19**	0.05	310.19	0.05	310.19
		Investment in preference shares measured at fair value through profit and loss						
		a) Cumulative Redeemable Preference shares						
		Subsidiaries						
		Unquoted						
13,54,195	100	7% Concorde Motors (India) Ltd		**-**		13.54		13.54
		b) Optionally Convertible Preference shares						
		Associates						
		Unquoted						
		9% Tata Hitachi Construction Machinery Company Private Ltd [1,59,00,000 Preference shares converted to equity shares at fair value]		**-**		159.00		159.00
		Total		**528.37**		627.07		626.26

Notes :

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

Number	Face value per unit	Description	₹ As at March 31, 2017	₹ As at March 31, 2016	₹ As at April1, 2015
20,000	10	Metal Scrap Trade Corporation Ltd.	**25,000**	25,000	25,000
50	5	Jamshedpur Co-operative Stores Ltd.	**250**	250	250
16,56,517 (M$)	1	Tatab Industries Sdn. Bhd., (Malaysia)	**1**	1	1
4	25,000	ICICI Money Multiplier Bond	**1**	1	1
100	10	Optel Telecommunications	**1,995**	1,995	1,995
200	10	Punjab Chemicals	**1**	1	1

(₹ in crores)

b)

		As at March 31, 2017	As at March 31, 2016	As at April1, 2015
(1)	Book Value of quoted investments	**218.18**	144.34	143.53
(2)	Book Value of unquoted investments	**310.19**	310.19	310.19
(3)	Market Value of quoted investments	**218.18**	144.34	143.53

(₹ in crores)

9. Investments-current

Description	As at March 31, 2017	As at March 31, 2016	As at April1, 2015
Investment in equity shares measured at fair value through other comprehensive income			
Unquoted			
Tata Projects Ltd	**-**	-	4.68
Investments in Mutual funds measured at Fair value through profit and loss			
Unquoted			
Mutual funds	2,400.92	1,745.84	-
Total	**2,400.92**	1,745.84	4.68

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

10. Loans and advances- non current	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Unsecured :						
(a) Loans to employees		**24.49**		25.09		25.19
(b) Loan to Joint Operation (FIAT India Automobiles Pvt Ltd)		**-**		-		132.50
(c) Loan to subsidiaries						
Considered good	**12.04**		16.61		20.80	
Considered doubtful	**585.75**		581.11		539.40	
	597.79		597.72		560.20	
Less : Allowances for doubtful loans	**(585.75)**	**12.04**	(581.11)	16.61	(539.40)	20.80
(d) Dues from subsidiary companies Considered doubtful						
Tata Hispano Motors Carrocera S.A.	**53.74**		53.74		54.38	
Tata Hispano Motors Carrocerries Maghreb SA	**-**		4.64		-	
	53.74		58.38		54.38	
Less : Allowances for doubtful dues	**(53.74)**	**-**	(58.38)	-	(54.38)	-
(e) Deposits		**67.84**		65.30		56.10
(f) Others						
Considered good	**285.24**		145.93		76.14	
Considered doubtful	**16.41**		18.16		8.86	
	301.65		164.09		85.00	
Less : Allowances for doubtful loans and advances	**(16.41)**	**285.24**	(18.16)	145.93	(8.86)	76.14
Total		**389.61**		252.93		310.73

11. Loans and advances- current	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Secured :						
Finance receivables (net of provision of ₹ **6.86 crores**, ₹ 13.23 crores and ₹ 221.39 crores as at March 31, 2017, 2016 and April 1, 2015, respectively)		**16.19**		16.03		36.60
Unsecured :						
(a) Advances and other receivables (net of provision of ₹ **87.04 crores**, ₹ 118.37 crores and ₹ 77.99 crores as at March 31, 2017, 2016 and April 1, 2015, respectively)		**81.94**		166.45		194.84
(b) Inter corporate deposits						
Considered good	**60.00**		80.00		45.00	
Considered doubtful	**-**		6.51		6.51	
	60.00		86.51		51.51	
Less : Allowances for doubtful loans	**-**	**60.00**	(6.51)	80.00	(6.51)	45.00
(c) Dues from subsidiary companies (Note below)		**38.83**		48.90		66.14
(d) Loan to subsidiary company (Tata Motors European Technical Centre PLC, UK)		**34.39**		40.56		-
(e) Loan to Joint Operation (FIAT India Automobiles Pvt Ltd)		**-**		132.50		-
Total		**231.35**		484.44		342.58

Note:	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Dues from subsidiary companies :			
(a) TML Drivelines Ltd	**16.02**	23.92	25.45
(b) Tata Motors Finance Solutions Ltd	**-**	0.11	-
(c) PT Tata Motors Indonesia	**6.80**	5.96	5.39
(d) Tata Motors Insurance Broking and Advisory Services Ltd	**0.07**	0.02	-
(e) Tata Motors (SA) (Proprietary) Ltd	**5.17**	3.37	3.22
(f) Tata Motors Nigeria Ltd	**0.20**	0.12	-
(g) PT Tata Motors Distribusi Indonesia	**2.11**	0.82	0.82
(h) Jaguar Land Rover Ltd	**1.21**	-	1.34
(i) Tata Daewoo Commercial Vehicle Co. Ltd	**0.24**	1.62	0.95
(j) Jaguar Land Rover Automotive Plc	**-**	0.23	0.23
(k) Tata Motors (Thailand) Ltd	**6.12**	1.53	2.64
(l) Tata Hispano Motors Carrocerries Maghreb SA	**-**	-	1.16
(m) Tata Marcopolo Motors Ltd	**-**	11.20	24.94
(n) Tata Motors European Technical Centre PLC	**0.02**	-	-
(o) Tata Motors Finance Ltd	**0.01**	-	-
(p) TML Holdings Pte Ltd	**0.86**	-	-
	38.83	48.90	66.14

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

12.	Other financial assets - non-current	As at March 31, 2017	As at March 31, 2016	As at April1, 2015
(a)	Derivative financial instruments	190.75	97.93	56.08
(b)	Interest accrued on loans and deposits	-	-	47.68
(c)	Restricted deposits	3.94	3.99	53.92
(d)	Others	1.63	1.00	0.92
	Total	196.32	102.92	158.60

13.	Other financial assets - current	As at March 31, 2017	As at March 31, 2016	As at April1, 2015
(a)	Derivative financial instruments	100.36	61.78	38.17
(b)	Interest accrued on loans and deposits	0.40	63.42	2.30
	Total	100.76	125.20	40.47

14.	Other non-current assets	As at March 31, 2017	As at March 31, 2016	As at April1, 2015
(a)	Capital advances	558.84	453.47	226.28
(b)	Taxes recoverable, statutory deposits and dues from government	998.39	927.73	1,130.23
(c)	Prepaid lease rental on operating lease	128.86	130.92	131.96
(d)	Others	170.19	166.89	124.29
	Total	1,856.28	1,679.01	1,612.76

15.	Other current assets	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Advance to suppliers and contractors	236.13	160.71	107.51
(b)	VAT, other taxes recoverable, statutory deposits and dues from government	1,435.43	1,257.76	1,113.02
(c)	Prepaid expenses	104.23	87.37	71.19
(d)	Others	31.27	44.61	54.19
	Total	1,807.06	1,550.45	1,345.91

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

16. Inventories		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Raw materials and components	**1,511.16**	1,430.77	1,286.16
(b)	Work-in-progress	**815.70**	488.54	455.35
(c)	Finished goods	**2,821.00**	2,896.73	2,939.97
(d)	Stores and spare parts	**166.96**	165.83	157.43
(e)	Consumable tools	**24.35**	26.94	25.06
(f)	Goods-in-transit - Raw materials and components	**165.25**	109.11	155.49
	Total	**5,504.42**	5,117.92	5,019.46

During the year ended March 31, 2017 and 2016, the Company recorded inventory write-down expenses of ₹**180.27 crores** and ₹136.33 crores, respectively. Cost of inventories (including cost of purchased products) recognized as expense during the year ended March 31, 2017 and March 31, 2016 amounted to ₹**44,238.04 crores** and ₹41,020.46 crores, respectively.

17. Trade receivables-unsecured	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Considered good	**2,128.00**	2,045.58	1,448.39
Considered doubtful	**693.17**	632.10	604.74
	2,821.17	2,677.68	2,053.13
Less : Allowances for doubtful debts	**(693.17)**	(632.10)	(604.74)
	2,128.00	2,045.58	1,448.39

18. Allowance for trade receivables, loans and other receivables	For the year ended March 31,	
	2017	2016
Balance at the beginning	**1,432.44**	1,513.29
Allowances made during the year	**133.72**	185.14
Written off	**(118.61)**	(265.99)
Balance at the end	**1,447.55**	1,432.44

19. Cash and cash equivalents		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Cash on hand	**0.38**	0.28	0.25
(b)	Cheques on hand	**0.78**	59.18	6.12
(c)	Balances with banks (refer note below)	**117.78**	183.11	872.60
(d)	Deposits with Banks	**69.45**	184.50	187.50
		188.39	427.07	1,066.47
	Note:			
	Includes remittances in transit	**60.91**	143.94	167.94

20. Other bank balances		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	With upto 12 months maturity:			
(a)	Earmarked balances with banks (refer note below)	**86.60**	291.28	83.87
(b)	Bank deposits	**11.07**	70.07	0.07
	Total	**97.67**	361.35	83.94

Note:

Earmarked balances with banks as at March 31, 2017 of ₹**67.50 crores** (as at March 31, 2016 of ₹212.50 crores and as at April 1, 2015 ₹27.53 crores) is held as security in relation to repayment of borrowings.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
21. Equity Share Capital			
(a) Authorised :			
(i) **350,00,00,000** Ordinary shares of ₹ 2 each (as at March 31, 2016: 350,00,00,000 Ordinary shares of ₹ 2 each) (as at April 1, 2015: 350,00,00,000 Ordinary shares of ₹ 2 each)	**700.00**	700.00	700.00
(ii) **100,00,00,000** 'A' Ordinary shares of ₹ 2 each (as at March 31, 2016: 100,00,00,000 'A' Ordinary shares of ₹ 2 each) (as at April 1, 2015: 100,00,00,000 'A' Ordinary shares of ₹ 2 each)	**200.00**	200.00	200.00
(iii) **30,00,00,000** Convertible Cumulative Preference shares of ₹ 100 each (as at March 31, 2016: 30,00,00,000 shares of ₹ 100 each) (as at April 1, 2015: 30,00,00,000 shares of ₹ 100 each)	**3,000.00**	3,000.00	3,000.00
Total	**3,900.00**	3,900.00	3,900.00
(b) Issued [Note (k)]:			
(i) **288,78,43,046** Ordinary shares of ₹ 2 each (as at March 31, 2016: 288,78,43,046 Ordinary shares of ₹ 2 each) (as at April 1, 2015: 273,71,98,287 Ordinary shares of ₹ 2 each)	**577.57**	577.57	547.44
(ii) **50,87,36,110** 'A' Ordinary shares of ₹ 2 each (as at March 31, 2016: 50,87,36,110 'A' Ordinary shares of ₹ 2 each) (as at April 1, 2015: 48,22,05,820 'A' Ordinary shares of ₹ 2 each)	**101.75**	101.75	96.44
Total	**679.32**	679.32	643.88
(c) Subscribed and called up:			
(i) **288,73,48,428** Ordinary shares of ₹ 2 each (as at March 31, 2016: 288,72,03,602 Ordinary shares of ₹ 2 each) (as at April 1, 2015: 273,67,13,122 Ordinary shares of ₹ 2 each)	**577.47**	577.44	547.34
(ii) **50,85,02,291** 'A' Ordinary shares of ₹ 2 each (as at March 31, 2016: 50,84,76,704 'A' Ordinary shares of ₹ 2 each) (as at April 1, 2015: 48,19,66,945 'A' Ordinary shares of ₹ 2 each)	**101.70**	101.70	96.40
Total	**679.17**	679.14	643.74
(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) (as at March 31, 2016: 68,490 Ordinary shares of ₹ 2 each (₹ 1 outstanding on each) and 260 Ordinary shares of ₹ 2 each (₹ 0.50 outstanding on each)) (as at April 1, 2015: 68,490 Ordinary shares of ₹ 2 each (₹ 1 outstanding on each) and 260 Ordinary shares of ₹ 2 each (₹ 0.50 outstanding on each))	**(0.00)***	(0.01)	(0.01)
(e) Paid-up (c+d):	**679.17**	679.13	643.73
(f) Forfeited Shares - Ordinary shares	**0.05**	0.05	0.05
Total (e + f)	**679.22**	679.18	643.78

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

	Year ended March 31, 2017 (No. of shares)	**Year ended March 31, 2017 (₹ in crores)**	Year ended March 31, 2016 (No. of shares)	Year ended March 31, 2016 (₹ in crores)
(i) Ordinary shares				
Balance as at April 1	**288,72,03,602**	**577.44**	273,67,13,122	547.34
Add: Rights issue of shares	-	-	15,04,90,480	30.10
Add: Allotment of shares held in abeyance	**1,44,826**	**0.03**	-	-
Balance as at March 31	**288,73,48,428**	**577.47**	288,72,03,602	577.44
(ii) 'A' Ordinary shares				
Balance as at April 1	**50,84,76,704**	**101.70**	48,19,66,945	96.40
Add: Rights issue of shares	-	-	2,65,09,759	5.30
Add: Allotment of shares held in abeyance	**25,587**	**0.00***	-	-
Balance as at March 31	**50,85,02,291**	**101.70**	50,84,76,704	101.70

(h) The entitlements to **4,94,618** Ordinary shares of ₹ 2 each (as at March 31, 2016 : 6,39,444 Ordinary shares of ₹ 2 each and as at April 1, 2015 : 4,85,165 Ordinary shares of ₹ 2 each) and **2,33,819** 'A' Ordinary shares of ₹ 2 each (as at March 31, 2016: 2,59,406 'A' Ordinary shares of ₹ 2 each and as at April 1, 2015: 2,38,875 '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) During the year ended, the Company has allotted 68,180 Ordinary Shares each of ₹ 2 each, previously unissued on account of unpaid calls.

** amounts less than ₹ 50,000/-*

NOTES FORMING PART OF FINANCIAL STATEMENTS

(j) 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.

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

			As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
			% of Issued share capital	No. of shares	% of Issued share capital	No. of shares	% of Issued share capital	No. of shares
(i)	Ordinary shares :							
	(a)	Tata Sons Limited	28.71%	82,89,70,378	26.98%	77,89,70,378	25.67%	70,23,33,345
	(b)	Tata Steel Limited	*	*	*	*	5.54%	15,16,87,515
	(c)	Life Insurance Corporation of India	5.18%	14,94,23,428	6.90%	19,91,44,257	*	*
	(d)	Citibank N.A. as Depository	#	53,04,96,280	#	49,19,64,200	#	58,22,60,190
(ii)	'A' Ordinary shares :							
	(a)	HDFC Trustee Company Limited-HDFC Equity Fund	8.19%	4,16,71,282	12.95%	6,58,38,405	*	*
	(b)	HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Ltd	*	*	*	*	5.16%	2,48,78,664
	(c)	Franklin Templeton Mutual Fund	5.96%	3,03,29,225	*	*	*	*

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

* Less than 5%

(l) 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.

(m) During the year ended March 31, 2016, the Company allotted 15,04,90,480 Ordinary Shares (including 3,20,49,820 shares underlying the ADRs) of ₹ 2 each at a premium of ₹448 per share, aggregating ₹6,772.07 crores and 2,65,09,759 'A' Ordinary Shares of ₹ 2 each at a premium of ₹ 269 per share, aggregating ₹ 718.42 crores pursuant to the Rights issue. 1,54,279 Ordinary Shares and 20,531 'A' Ordinary Shares were kept in abeyance.

Proceeds from the Rights issue have been utilised in the following manner : **(₹ in crores)**

Particulars	Planned	Actual
Funding capital expenditure towards plant and machinery	500.00	500.00
Funding expenditure relating to research and product development	1,500.00	1,500.00
Repayment, in full or part, of certain long-term and short-term borrowings availed by the Company	4,000.00	4,000.00
General corporate purposes	1,428.00	1,425.73
Issue related expenses	70.00	64.76
Total	7,498.00	7,490.49
Less : Rights Shares held in abeyance	(7.51)	-
Total	7,490.49	7,490.49

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

22. A) Other components of equity	Year ended March 31, 2017	2016
(a) The movement of Equity instruments through Other Comprehensive Income is as follows:		
Balance at the beginning	**(100.96)**	(101.77)
Other comprehensive income/(loss) for the year	**73.84**	81.19
Profit on sale of unquoted equity investment	**-**	(80.38)
Balance at the end	**(27.12)**	(100.96)
(b) The movement of Hedging reserve is as follows:		
Balance at the beginning	**7.39**	16.69
Gain/(loss) recognised on cash flow hedges	**17.22**	11.29
Income tax relating to gain/loss recognized on cash flow hedges	**(5.97)**	(4.07)
(Gain)/loss reclassified to profit or loss	**(11.30)**	(25.27)
Income tax relating to gain/loss reclassified to profit or loss	**3.92**	8.75
Balance at the end	**11.26**	7.39
(c) The movement of Cost of Hedging reserve is as follows:		
Balance at the beginning	**-**	-
Gain/(loss) recognised on cash flow hedges	**17.40**	-
Income tax relating to gain/loss recognized on cash flow hedges	**(6.02)**	-
Balance at the end	**11.38**	-
(d) Summary of Other Components of Equity:		
Equity instruments through other comprehensive income	**(27.12)**	(100.96)
Hedging reserve	**11.26**	7.39
Cost of hedging reserve	**11.38**	-
Total	**(4.48)**	(93.57)

(B) Notes to reserves

(a) Capital redemption reserve

The 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 utilized by the company except to redeem debentures.

(c) Dividends

The final dividend is recommended by the Board of Directors and is recorded in the books of account upon its approval by the shareholders. For the year ended March 31, 2016, dividend per share of ₹0.20 per Ordinary share of ₹2 each and ₹0.30 per 'A' Ordinary share of ₹2 each was declared.

For the year ended March 31, 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

(₹ in crores)

23. Long-term borrowings		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured:				
(a)	Privately placed Non-Convertible Debentures (refer note I (i) (a) and I (ii) (a))	**700.00**	700.00	700.00
(b)	Term loans:			
	(i) from banks (refer note I (i) (d))	**621.57**	383.35	176.04
	(ii) buyer's line of credit (at floating interest rate) (refer note I (i) (b))	**-**	14.31	76.12
	(iii)others (refer note I (i) (c))	**130.16**	106.08	83.30
(c)	Finance lease obligations	**9.44**	10.03	10.94
		1,461.17	1,213.77	1,046.40
Unsecured:				
(a)	Privately placed Non-Convertible Debentures (refer note I (ii) (b))	**5,898.57**	3,950.00	5,000.00
(b)	Term loan from banks			
	Buyer's line of credit (at floating interest rate) (refer note 1 (iii))	**1,500.00**	506.31	1,428.11
(c)	Senior notes (note 1 (iv))	**4,826.35**	4,923.76	4,634.91
(d)	Others	**-**	6.12	125.46
		12,224.92	9,386.19	11,188.48
Total		**13,686.09**	10,599.96	12,234.88

24. Short-term borrowings		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured:				
Loans from banks (refer note II)		**1,662.95**	2,711.86	3,966.24
		1,662.95	2,711.86	3,966.24
Unsecured:				
(a)	Loans from banks	**46.33**	45.85	744.67
(b)	Inter corporate deposits from subsidiaries and associates	**394.00**	472.45	288.75
(c)	Commercial paper	**3,272.24**	424.56	3,173.36
		3,712.57	942.86	4,206.78
Total		**5,375.52**	3,654.72	8,173.02

NOTES FORMING PART OF FINANCIAL STATEMENTS

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 and 10.25% Coupon, Non-Convertible Debentures amounting to ₹500 crores 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) 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 movable current assets except cash and bank balances, loans and advances of the Company both present and future. Classified under other current liabilities being maturity before March 31, 2018.

Buyers credit facility taken by joint operation Tata Cummins Private Ltd are obtained in multiple tranches and are repayable at the end of three years from the individual drawdown dates commencing from 2016-2017. Interest @ LIBOR + Spread is payable. The loan is secured by *pari passu* charge on plant and machinery and other movable assets of its Phaltan plant.

(c) The term loan of ₹581.00 crores (recorded in books at ₹120.82 crores) is due for repayment from the quarter ending March 31, 2033 to quarter ending March 31, 2037, 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 ₹31.69 crores (recorded in books at ₹9.34 crores) is due for repayment from the quarter ending June 30, 2030 to March 31, 2032, along with a simple interest of 0.10% p.a. The loan is secured by bank guarantee for the due performance of the conditions as per the terms of the agreement.

(d) Term loan 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.

Term loan taken by joint operation Tata Cummins Private Ltd is repayable in four equal quarterly instalments starting from December 2016. Interest rate is based on prevailing Base rate + fixed spread. The loan is secured by exclusive charge on factory land and building of its Phaltan plant and hypothecation charge on other movable assets on *pari passu* basis.

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

Non-Convertible Debentures (NCDs)	Redeemable on	(₹ in crores) 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 a call option to redeem, either in part or full, at the end of 8th year from the date of allotment i.e. April 30, 2018.

Non-Convertible Debentures (NCDs)	Redeemable on	(₹ in crores) 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
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
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
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
9.45% Non-Convertible Debentures (2018)	March 29, 2018 *	200.00
10.00% Non-Convertible Debentures (2017)	May 26, 2017 *	250.00
Debt issue cost		(1.43)

* Classified as other current liabilities being maturity before March 31, 2018

(iii) The buyers line of credit from banks is repayable within a maximum period of four years from the drawdown dates. All the repayments are due from financial year ending March 31, 2018 to financial year ending March 31, 2021.

(iv) Schedule of repayment of Senior Notes:

(₹ in crores)

	Redeemable on	Currency	Amount (in million)	As at March 31, 2017	As at March 31, 2016	As at April1, 2015
4.625% Senior Notes	April 30, 2020	USD	500	**3,230.54**	3,282.51	3,089.94
5.750% Senior Notes	October 30, 2024	USD	250	**1,595.81**	1,641.25	1,544.97
				4,826.35	4,923.76	4,634.91

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 ₹**4,460.45 crores**, ₹5,921.33 crores and ₹7,328.17 crores are pledged as collateral/ security against the borrowings as at March 31, 2017, 2016 and April 1, 2015, respectively.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

25. Other financial liabilities – non-current		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Deferred payment liability	-	70.08	126.41
(b)	Derivative financial instruments	0.55	0.67	23.55
(c)	Financial guarantee contracts	995.08	2,760.29	3,495.05
(d)	Interest accrued but not due on borrowings	-	0.07	22.37
(e)	Liability towards employee separation scheme	65.27	69.40	80.05
(f)	Others	62.76	11.33	2.33
	Total	1,123.66	2,911.84	3,749.76

26. Other financial liabilities – current		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Current maturities of long-term borrowings (refer note below)	512.37	2,218.66	1,217.85
(b)	Financial guarantee contracts	1,050.00	631.00	214.08
(c)	Interest accrued but not due on borrowings	449.73	453.41	469.76
(d)	Liability for capital expenditure	109.94	128.30	95.38
(e)	Deposits and retention money	197.83	212.22	198.66
(f)	Derivative financial instruments	9.38	6.28	4.29
(g)	Deferred payment liability	70.08	64.50	59.75
(h)	Liability towards Investors Education and Protection Fund under Section 125 of the Companies Act, 2013 not due			
	(i) Unpaid dividends	13.48	14.37	17.22
	(ii) Unpaid matured deposits and interest thereon	14.09	18.60	21.69
	(iii) Unpaid debentures and interest thereon	0.18	0.22	0.22
(i)	Others	38.06	36.63	26.00
	Total	2,465.14	3,784.19	2,324.90

Details of Current maturities of long-term borrowings :

(i)	Non Convertible Debentures (refer note I (ii) (b))	450.00	900.00	900.00
(ii)	Current maturities of finance lease obligations	8.36	12.08	15.22
(iii)	Loans from Banks (refer note I (i) (d))	34.94	180.78	164.40
(iv)	Buyers Credit (Capex) (refer note I (i) (b))	19.07	989.98	138.23
(v)	Loan others	-	135.82	-
	Total	512.37	2,218.66	1,217.85

27. Provisions-non current		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Employee benefits obligations	587.51	553.53	543.10
(b)	Warranty	246.54	187.37	155.87
(c)	Annual maintenance contract (AMC)	16.66	9.99	12.57
	Total	850.71	750.89	711.54

28. Provisions-current		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Employee benefit obligations	23.41	22.00	24.38
(b)	Warranty	410.84	410.48	338.10
(c)	Annual maintenance contract (AMC)	33.73	17.79	16.29
	Total	467.98	450.27	378.77

Note

AMC and Warranty provision movement

	Year ended March 31, 2017	
	AMC	Warranty
Balance at the beginning	27.78	597.85
Provision made/(reversal) during the year	31.42	486.27
Provision used during the year	(8.81)	(460.62)
Impact of discounting	-	33.88
Balance at the end	50.39	657.38
Current	33.73	410.84
Non-current	16.66	246.54

NOTES FORMING PART OF FINANCIAL STATEMENTS

29. Income taxes

(₹ in crores)

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

	Year ended March 31, 2017	2016
Profit / (Loss) before taxes	**(2,420.77)**	(67.10)
Income tax expense at tax rates applicable to individual entities	**(837.78)**	(23.22)
Additional deduction for research and product development cost	**(697.87)**	(738.40)
Items (net) not deductible for tax/not liable to tax :		
- foreign currency (gain)/loss relating to loans and deposits (net)	**-**	46.78
- interest and other expenses relating to borrowings for investment	**21.46**	21.11
- Dividend from subsidiaries, joint operations, associates and investments measured at fair value through other comprehensive income	**(58.70)**	(122.79)
Undistributed earnings of joint operations	**28.19**	2.69
Deferred tax assets not recognized as realization is not probable	**1,700.51**	973.28
Utilization/credit of unrecognised tax losses, unabsorbed depreciation and other tax benefits	**(62.24)**	(82.01)
Reversal of tax provision for previous years	**(15.78)**	(74.15)
Others	**(18.57)**	(8.09)
Income tax expense reported	**59.22**	(4.80)

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

	Opening balance	Recognized in profit or loss	Recognized in/reclassified from OCI	Closing balance
Deferred tax assets:				
Depreciation carry forwards	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	4.61	(3.79)	112.18
Minimum alternate tax carry-forward	16.82	12.96	-	29.78
Intangible assets	7.47	(0.90)	-	6.57
Others	93.88	33.31	-	127.19
Total deferred tax assets	5,186.07	195.22	(3.79)	5,377.50
Deferred tax liabilities:				
Property, plant and equipment	2,663.29	(38.63)	-	2,624.66
Intangible assets	2,519.18	216.26	-	2,735.44
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	(4.70)	-	29.50
Total deferred tax liabilities	5,257.46	209.92	8.07	5,475.45
Deferred tax liabilities (net)	(71.39)	(14.70)	(11.86)	(97.95)

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

As at March 31, 2017, unrecognized deferred tax assets amount to ₹ **1,532.70 crores** and ₹ **5,198.01 crores**, which can be carried forward indefinitely and up to a specified period, respectively. These relate primarily to business losses, depreciation carry forwards and other deductible temporary differences. The deferred tax asset has not been recognized on the basis that its recovery is not probable in the foreseeable future.

Unrecognized deferred tax assets expire unutilized based on the year of origination as follows:

March 31,	(₹ in crores) Amount
2021	**258.65**
2022	**25.88**
Thereafter	**4,913.48**

Significant components of deferred tax assets and liabilities for the year ended March 31, 2016 are as follows:

(₹ in crores)

	Opening balance	Recognized in profit or loss	Recognized in/reclassified from OCI	Closing balance
Deferred tax assets:				
Depreciation carry forwards	1,558.79	425.35	-	1,984.14
Business loss carry forwards	1,537.55	(6.08)	-	1,531.47
Expenses deductible in future years:				
- provisions, allowances for doubtful receivables and others	1,579.27	(138.34)	-	1,440.93
Compensated absences and retirement benefits	103.65	14.90	(7.19)	111.36
Minimum alternate tax carry-forward	12.19	4.63	-	16.82
Intangible assets	9.15	(1.68)	-	7.47
Others	86.00	7.88	-	93.88
Total deferred tax assets	4,886.60	306.66	(7.19)	5,186.07
Deferred tax liabilities:				
Property, plant and equipment	2,583.12	80.17	-	2,663.29
Intangible assets	2,304.71	214.47	-	2519.18
Undistributed earnings of joint operations	36.02	0.86 *	-	36.88
Derivative financial instruments	8.59	-	(4.68)	3.91
Others	20.50	13.70	-	34.20
Total deferred tax liabilities	4,952.94	309.20	(4.68)	5,257.46
Deferred tax liabilities (net)	(66.34)	(2.54)	(2.51)	(71.39)

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

30.	**Other non-current liabilities**	**As at March 31, 2017**	As at March 31, 2016	As at April1, 2015
(a)	Deferred revenue (refer note below)	**270.40**	261.73	249.26
(b)	Lease rent	**-**	75.58	67.32
(c)	Employee Benefit Obligations - Funded	**42.79**	26.11	39.83
(d)	Others	**8.05**	14.65	24.45
	Total	**321.24**	378.07	380.86

31.	**Other current liabilities**	**As at March 31, 2017**	As at March 31, 2016	As at April1, 2015
(a)	Liability for advances received	**849.51**	728.65	498.79
(b)	Statutory dues (VAT, Excise, Service Tax, Octroi etc)	**799.04**	713.83	619.01
(c)	Deferred revenue (refer note below)	**157.65**	165.85	145.30
(d)	Others	**57.82**	96.51	36.16
	Total	**1,864.02**	1,704.84	1,299.26

Note:

Deferred revenue includes ₹ **227.92 crores** as at March 31, 2017 (₹ 249.22 crores as at March 31, 2016 and ₹ 235.19 crores as at April 1, 2015) grants relating to property, plant and equipment relate to duty saved on import of capital goods and spares under the 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

(₹ in crores)

32. Income From Operations		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Sale of products (including excise duty) (note 1 below)	**48,018.52**	46,527.84
(b)	Sale of services	**368.03**	352.89
(c)	Finance revenues	**1.94**	2.80
(d)	Other operating revenues	**711.92**	500.08
		49,100.41	47,383.61

33. Other income		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Interest income	**184.65**	263.79
(b)	Dividend income (note 2 below)	**676.50**	1,061.71
(c)	Profit on sale of investments at FVTPL	**116.76**	67.48
(d)	MTM – Investments measured at FVTPL	**0.93**	9.33
	Total	**978.84**	1,402.31
Note :			
(1)	Includes exchange gain/(loss) (net) on hedges reclassified from hedging reserve to Statement of Profit and Loss	**(0.73)**	-
(2)	Includes		
(a)	Dividend from subsidiary companies, joint operations & associates	**673.33**	1,020.87
(b)	Dividend from investment measured at FVTOCI	**4.45**	34.55
(c)	Exchange gain/(loss)	**(1.28)**	6.28

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

34.	Employee benefits expense	Year ended March 31, 2017	2016
(a)	Salaries, wages and bonus	**2,991.44**	2,666.38
(b)	Contribution to provident fund and other funds	**196.01**	188.29
(c)	Staff welfare expenses	**371.07**	334.30
	Total	**3,558.52**	3,188.97

35.	Finance cost	Year ended March 31, 2017	2016
(a)	Interest	**1,670.82**	1,607.71
	Add: Exchange fluctuation considered as interest cost	**-**	41.11
	Less: Transferred to capital account	**(451.00)**	(429.69)
		1,219.82	1,219.13
(b)	Discounting charges	**370.33**	372.87
	Total	**1,590.15**	1,592.00

Note: The weighted average rate for capitalisation of interest relating to general borrowings was approximately **7.63 %** and 8.54 % for the years ended March 31, 2017 and 2016, respectively.

36.	Other expenses	Year ended March 31, 2017	2016
(a)	Processing charges	**1,522.44**	1,507.21
(b)	Consumption of stores & spare parts	**579.09**	519.37
(c)	Power and fuel	**440.03**	430.77
(d)	Freight, transportation, port charges etc.	**1,541.88**	1,296.71
(e)	Publicity	**848.36**	670.01
(f)	Warranty expenses	**486.27**	492.11
(g)	Information technology/computer expenses	**762.37**	631.93
(h)	Allowances for trade and other receivables	**133.72**	138.79
(i)	Works operation and other expenses (note below)	**2,383.26**	2,529.75
	Total	**8,697.42**	8,216.65
	Note :		
	Works operation and other expenses include		
(a)	Auditors' remuneration (excluding service tax)		
	(i) Audit Fees	**7.77**	5.53
	(ii) Audit Fees for financial statements as per IFRS (including SOX certification)	**3.59**	3.85
	(iii) In other Capacities :		
	- Company law matters (₹ **47,500** for 2016-17, ₹ 48,534 for 2015-16)	**0.00**	0.00
	- Tax audit/Transfer pricing audit	**0.70**	0.74
	- Taxation matters	**0.08**	0.19
	(iv) Other services*	**1.42**	0.91
	(v) Reimbursement of travelling and out-of-pocket expenses	**0.88**	0.62
*	- Includes payment to an affiliate firm of statutory auditors	**0.56**	0.58
	- Excludes audit fees debited to Securities Premium Account related to Rights issue	**-**	1.70
(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 2016-17 includes ₹ **25.94 crores** (₹ 20.57 crores for the year 2015-16) 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 2016-17 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.

37. Exceptional item VI (e) of ₹ **147.93 crores** for the year ended March 31, 2017, relates to provision for inventory of BSIII 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 'Income 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 High Court of Bombay or 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, 2017, there are matters and/or disputes pending in appeal amounting to ₹**145.43 crores** (₹108.15 crores as at March 31, 2016 and ₹100.56 crores as at April 1, 2015).

Customs, Excise Duty and Service Tax

As at March 31, 2017, there are pending litigation for various matters relating to customs, excise duty and service taxes involving demands, including interest and penalties, of ₹**1,324.19 crores** (₹1,284.60 crores as at March 31, 2016 and ₹1,334.21 crores as at April 1, 2015). 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:

As at March 31, 2017, the Excise Authorities had denied a CENVAT credit of ₹29.43 crores and imposed a penalty of ₹ Nil for the period between April 2011 to September 2012 (₹52.41 crores and a ₹23.00 crores CENVAT credit and penalty, respectively, as at March 31, 2016 and ₹52.41 crores and a ₹23.00 crores CENVAT credit and penalty, respectively, as at April 1, 2015) in respect of consulting engineering services alleged to have been used exclusively for producing prototypes at the Engineering Research Centre, in Pune. The contention of the Excise Authorities is that since the Company claims exemptions from CENVAT under Notification No.167/71-CE, dated September 11, 1971, the Company is not entitled to avail service tax credits on consulting engineering services used in the Engineering Research Centre. The matter is being contested by the Company before the appellate authorities. The Company believes it has a merit in its case, since the consulting engineering services are not exclusively used in the manufacture of prototypes and they form part of the assessable value of final products manufactured by the Company on which CENVAT is paid.

The Excise Authorities have raised a demand for ₹**90.72 crores** as at March 31, 2017 (₹90.72 crores as at March 31, 2016 and ₹90.72 crores as at April 1, 2015), 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 High Court of Bombay.

As at March 31, 2017, the Excise Authorities have raised a demand and penalty of ₹**218.23 crores**, (₹198.56 crores as at March 31, 2016 and ₹187.60 crores as at April 1, 2015), 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 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 ₹**24.96 crores** (₹22.74 crores as at March 31, 2016 and ₹83.67 crores as at April 1, 2015) claimed by the Company from Fiscal 1992 to Fiscal 2013, on technical grounds. The matter is being contested by the Company before the appellate authorities.

As at March 31, 2017, the Excise Authorities had levied penalties and interest amounting to ₹**679.88 crores** (₹679.88 crores as at March 31, 2016 and ₹679.88 crores as at April 1, 2015) 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, 2017, the Excise Authorities have raised a demand amounting to ₹**29.54 crores** (₹29.54 crores as at March 31, 2016 and ₹29.54 crores as at April 1, 2015) on pre-delivery inspection charges and free after-sales service charges incurred by dealers on certain of the 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, 2017, the Excise Authorities have raised a demand amounting to ₹ **Nil** (₹21.89 crores as at March 31, 2016 and ₹21.89 crores as at April 1, 2015) with respect to customs duties on dies and fixtures imported under the EPCG Scheme and, in the case of the fixtures, are installed at premises of a vendor. The Tribunal has rejected the stay application filed by the department. The department has further filed an appeal with CESTAT.

As at March 31, 2017, the Excise Authorities have raised demand amounting to ₹**34.68 crores** (₹14.73 crores as at March 31, 2016 and ₹12.70 crores as at April 1, 2015) with respect to denial of CENVAT credit on service tax availed on freight outward and courier services. The Company asserts that since freight forms part of the services on which the taxes have been paid, CENVAT credit can be availed. The Company is contesting the show cause notice.

Sales Tax

The total sales tax demands (including interest and penalty), that are being contested by the Company amount to ₹ **949.69 crores** (₹ 1134.14 crores as at March 31, 2016 and ₹ 907.84 crores as at April 1, 2015). The details of the demands for more than ₹ 20 crores are as follows:

The Sales Tax Authorities have raised demand of ₹ **208.59 crores** (₹ 403.38 crores as at March 31, 2016 and ₹ 120.12 crores as at April 1, 2015) 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.

In some of the states in India, the Sales Tax Authorities have raised disputes totaling up to ₹ **40.80 crores** as at March 31, 2017 (₹ 41.10 crores as at March 31, 2016 and ₹ 41.10 crores as at April 1, 2015), treating the stock transfers of vehicles from the Company's manufacturing plants to regional sales offices and the transfers between two regional sales offices as sales liable for levy of sales tax. The Company is contesting this issue.

The Sales Tax authorities have denied input tax credit and levied interest and penalty thereon due to varied reasons aggregating to ₹ **305.46 crores** as at March 31, 2017 (₹ 330.17 crores as at March 31, 2016 and ₹ 366.45 crores as at April 1, 2015). 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 ₹ **258.35 crores** as at March 31, 2017 (₹ 252.66 crores as at March 31, 2016 and ₹ 258.40 crores as at April 1, 2015) has been raised by Sales Tax Authorities disallowing the concessional rate of 2% on certain purchases of raw materials in case the final product is stock transferred for sale outside the state. The matter is pending with various authorities.

Other Taxes and Dues

Other amounts for which the Company may contingently be liable aggregate to ₹ **221.14 crores** (₹ 229.42 crores as at March 31, 2016 and ₹ 258.09 crores as at April 1, 2015). 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, 2017 (₹ 61.65 crores as at March 31, 2016 and ₹ 61.65 crores as at April 1, 2015) 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 Supreme Court and the other dispute is pending before the Bombay High Court on remand by the Supreme Court.

As at March 31, 2017, property tax amounting to ₹ **53.70 crores** (₹ 50.56 crores as at March 31, 2016 and ₹ 49.10 crores as at April 1, 2015) has been demanded by the local municipal authorities in respect of vacant land of the Company in the plant in Pimpri, Pune. The Company has filed Special Leave Petition (SLP) before the Supreme Court against an unfavourable 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, 2017, a penalty of ₹ **20.31 crores** (₹ 20.31 crores as at March 31, 2016 and ₹ 56.21 crores as at April 1, 2015) is likely to be imposed relating to a matter of regularization of construction of certain buildings in respect of which approvals from appropriate authorities are awaited. However, as the buildings were constructed as per the applicable development rules, the Company believes it will be possible to get the waiver of the same.

As at March 31, 2017, Sales tax / VAT amounting to ₹ **29.95 crores** (₹ 24.10 crores as at March 31, 2016 and ₹ 15.10 crores as at April 1, 2015) 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 ₹ **1,493.73 crores** at March 31, 2017 (₹ 1,953.50 crores as at March 31, 2016 and ₹ 1,074.51 crores as at April 1, 2015), 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 ₹ **420.06 crores** as at March 31, 2017 (₹ 398.25 crores as at March 31, 2016 and ₹ 382.02 crores as at April 1, 2015), which are yet to be executed.

The Company has contractual obligation towards Purchase Commitment for ₹ **Nil** (₹ 1,603.90 crores as at March 31, 2016 and ₹ 3,206.79 crores as at April 1, 2015).

NOTES FORMING PART OF FINANCIAL STATEMENTS

39. Earnings Per Share ("EPS")

			Year ended March 31,	
			2017	2016
(a)	Profit/(Loss) after tax	₹ crores	**(2,479.99)**	(62.30)
(b)	The weighted average number of Ordinary shares for Basic EPS	Nos.	**2,88,72,18,310**	2,87,31,88,838
(c)	The weighted average number of 'A' Ordinary shares for Basic EPS	Nos.	**50,84,83,714**	50,60,63,234
(d)	The nominal value per share (Ordinary and 'A' Ordinary)	₹	**2**	2
(e)	Share of profit/(loss) for Ordinary shares for Basic EPS	₹ crores	**(2,108.63)**	(52.97)
(f)	Share of profit/(loss) for 'A' Ordinary shares for Basic EPS *	₹ crores	**(371.36)**	(9.33)
(g)	Earnings Per Ordinary share (Basic)	₹	**(7.30)**	(0.18)
(h)	Earnings Per 'A' Ordinary share (Basic)	₹	**(7.30)**	(0.18)
(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	**#**	#
(r)	Earnings Per Ordinary share (Diluted)	₹	**(7.30)**	(0.18)
(s)	Earnings Per 'A' Ordinary share (Diluted)	₹	**(7.30)**	(0.18)

* '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 the year ended March 31, 2017 and 2016, potential equity shares are not considered as dilutive and hence Diluted EPS is same as Basic EPS.

NOTES FORMING PART OF FINANCIAL STATEMENTS

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)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity*	**20,786.51**	23,254.72	15,132.67
Short-term borrowings and current maturities of long-term borrowings	**5,887.89**	5,873.38	9,390.87
Long-term borrowings	**13,686.09**	10,599.96	12,234.88
Total borrowings	**19,573.98**	16,473.34	21,625.75
Total capital (Debt + Equity)	**40,360.49**	39,728.06	36,758.42
* Details of equity :			
Total equity as reported in balance sheet	**20,809.15**	23,262.11	15,149.36
Hedging reserve	**(11.26)**	(7.39)	(16.69)
Cost of Hedge reserve	**(11.38)**	-	-
Equity as reported above	**20,786.51**	23,254.72	15,132.67

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 recognized, 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, 2017.

(₹ in crores)

		Cash, and other financial assets at amortized cost	Investments - FVTOCI	Investments - FVTPL	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Financial assets								
(a)	Investments - non-current	-	528.37	-	-	-	528.37	528.37
(b)	Investments - current	-	-	2,400.92	-	-	2,400.92	2,400.92
(c)	Trade receivables	2,128.00	-	-	-	-	2,128.00	2,128.00
(d)	Cash and cash equivalents	188.39	-	-	-	-	188.39	188.39
(e)	Other bank balances	97.67	-	-	-	-	97.67	97.67
(f)	Loans and advances - non-current	389.61	-	-	-	-	389.61	389.61
(g)	Loans and advances - current	231.35	-	-	-	-	231.35	231.35
(h)	Other financial assets - non-current	5.57	-	-	190.75	-	196.32	196.32
(i)	Other financial assets - current	0.40	-	-	65.74	34.62	100.76	100.76
	Total	3,040.99	528.37	2,400.92	256.49	34.62	6,261.39	6,261.39

		Derivatives other than in hedging relationship	Derivatives in hedging relationship	Other financial liabilities	Total carrying value	Total fair value
Financial liabilities						
(a)	Long-term borrowings (Including current maturities of long-term borrowings)	-	-	14,198.46	14,198.46	14,700.97
(b)	Short-term borrowings	-	-	5,375.52	5,375.52	5,375.52
(c)	Trade payables	-	-	7,015.21	7,015.21	7,015.21
(d)	Acceptances	-	-	4,379.29	4,379.29	4,379.29
(e)	Other financial liabilities - non-current	0.55	-	1,123.11	1,123.66	1,123.66
(f)	Other financial liabilities - current	9.38	-	1,943.39	1,952.77	1,952.77
	Total	9.93	-	34,034.98	34,044.91	34,547.42

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2016.

(₹ in crores)

		Cash, and other financial assets at amortized cost	Investments - FVTOCI	Investments - FVTPL	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Financial assets								
(a)	Investments - non-current	-	454.53	172.54	-	-	627.07	627.07
(b)	Investments - current	-	-	1,745.84	-	-	1,745.84	1,745.84
(c)	Trade receivables	2,045.58	-	-	-	-	2,045.58	2,045.58
(d)	Cash and cash equivalents	427.07	-	-	-	-	427.07	427.07
(e)	Other bank balances	361.35	-	-	-	-	361.35	361.35
(f)	Loans and advances - non-current	252.93	-	-	-	-	252.93	252.93
(g)	Loans and advances - current	484.44	-	-	-	-	484.44	484.44
(h)	Other financial assets - non-current	4.99	-	-	97.93	-	102.92	102.92
(i)	Other financial assets - current	63.42	-	-	49.95	11.83	125.20	125.20
	Total	3,639.78	454.53	1,918.38	147.88	11.83	6,172.40	6,172.40

		Derivatives other than in hedging relationship	Derivatives in hedging relationship	Other financial liabilities	Total carrying value	Total fair value
Financial liabilities						
(a)	Long-term borrowings (including Current maturities of long-term borrowings)	-	-	12,818.62	12,818.62	13,269.88
(b)	Short-term borrowings	-	-	3,654.72	3,654.72	3,654.72
(c)	Trade payables	-	-	5,141.17	5,141.17	5,141.17
(d)	Acceptances	-	-	3,887.28	3,887.28	3,887.28
(e)	Other financial liabilities - non-current	0.67	-	2,911.17	2,911.84	2,922.07
(f)	Other financial liabilities - current	6.21	0.07	1,559.25	1,565.53	1,565.53
	Total	6.88	0.07	29,972.21	29,979.16	30,440.65

NOTES FORMING PART OF FINANCIAL STATEMENTS

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at April 1, 2015.

(₹ in crores)

		Cash, and other financial assets at amortized cost	Investments - FVTOCI	Investments - FVTPL	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Financial assets								
(a)	Investments - non-current	-	453.72	172.54	-	-	626.26	626.26
(b)	Investments - current	-	4.68	-	-	-	4.68	4.68
(c)	Trade receivables	1,448.39	-	-	-	-	1,448.39	1,448.39
(d)	Cash and cash equivalents	1,066.47	-	-	-	-	1,066.47	1,066.47
(e)	Other bank balances	83.94	-	-	-	-	83.94	83.94
(f)	Loans and advances - non-current	310.73	-	-	-	-	310.73	310.73
(g)	Loans and advances - current	342.58	-	-	-	-	342.58	342.58
(h)	Other financial assets - non-current	102.52	-	-	56.03	0.05	158.60	158.60
(i)	Other financial assets - current	2.30	-	-	7.99	30.18	40.47	40.47
	Total	3,356.93	458.40	172.54	64.02	30.23	4,082.12	4,082.12

		Derivatives other than in hedging relationship	Derivatives in hedging relationship	Other financial liabilities	Total carrying value	Total fair value
Financial liabilities						
(a)	Long-term borrowings (including Current maturities of long-term borrowings)	-	-	13,452.73	13,452.73	13,887.76
(b)	Short-term borrowings	-	-	8,173.02	8,173.02	8,173.02
(c)	Trade payables	-	-	5,000.18	5,000.18	5,000.18
(d)	Acceptances	-	-	3,950.53	3,950.53	3,950.53
(e)	Other financial liabilities - non-current	18.60	4.95	3,726.21	3,749.76	3,771.88
(f)	Other financial liabilities - current	4.29	-	1,102.76	1,107.05	1,107.05
	Total	22.89	4.95	35,405.43	35,433.27	35,890.42

NOTES FORMING PART OF FINANCIAL STATEMENTS

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 years ended March 31, 2017 and 2016.

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 group has chosen to designate these investments in equity instruments as 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, 2017			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
(a)	Investments	**2,619.10**	**-**	**310.19**	**2,929.29**
(b)	Derivative assets	**-**	**291.11**	**-**	**291.11**
	Total	**2,619.10**	**291.11**	**310.19**	**3,220.40**
Financial liabilities measured at fair value					
(a)	Derivative liabilities	**-**	**9.93**	-	**9.93**
	Total	**-**	**9.93**	-	**9.93**

		As at March 31, 2016			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
(a)	Investments	1,890.18	-	482.73	2,372.91
(b)	Derivative assets	-	159.71	-	159.71
	Total	1,890.18	159.71	482.73	2,532.62
Financial liabilities measured at fair value					
(a)	Derivative liabilities	-	6.95	-	6.95
	Total	-	6.95	-	6.95

		As at April 1, 2015			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
(a)	Investments	143.53	-	487.41	630.94
(b)	Derivative assets	-	94.25	-	94.25
	Total	143.53	94.25	487.41	725.19
Financial liabilities measured at fair value					
(a)	Derivative liabilities	-	27.84	-	27.84
	Total	-	27.84	-	27.84

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, 2017		
	Level 1	**Level 2**	**Level 3**	**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	**-**	**5,375.52**	**-**	**5,375.52**
Total	**5,047.12**	**15,029.37**	**-**	**20,076.49**

		As at March 31, 2016		
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities not measured at fair value				
(a) Long-term borrowings (including Current maturities of long-term borrowings)	5,195.70	8,074.18	-	13,269.88
(b) Short-term borrowings	-	3,654.72	-	3,654.72
Total	5,195.70	11,728.90	-	16,924.60

		As at April 1, 2015		
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities not measured at fair value				
(a) Long-term borrowings (including Current maturities of long-term borrowings)	4,877.40	9,010.36	-	13,887.76
(b) Short-term borrowings	-	8,173.02	-	8,173.02
Total	4,877.40	17,183.38	-	22,060.78

The short-term financial assets and liabilities are stated at amortized 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, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized 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 recognized 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, 2017:

(₹ in crores)

		Gross amount recognized	Gross amount recognized 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	**291.11**	**-**	**291.11**	**(6.07)**	-	**285.04**
(b)	Trade receivables	**2,209.19**	**(81.19)**	**2,128.00**	**-**	-	**2,128.00**
(c)	Loans and advances-current	**272.07**	**(40.72)**	**231.35**	**-**	-	**231.35**
	Total	**2,772.37**	**(121.91)**	**2,650.46**	**(6.07)**	-	**2,644.39**
Financial liabilities							
(a)	Derivative financial instruments	**9.93**	**-**	**9.93**	**(6.07)**	**-**	**3.86**
(b)	Trade payables	**7,137.12**	**(121.91)**	**7,015.21**	**-**	**-**	**7,015.21**
	Total	**7,147.05**	**(121.91)**	**7,025.14**	**(6.07)**	-	**7,019.07**

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, 2016:

(₹ in crores)

		Gross amount recognized	Gross amount recognized 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	159.71	-	159.71	(4.58)	-	155.13
(b)	Trade receivables	2,117.13	(71.55)	2,045.58	-	-	2,045.58
(c)	Loans and advances-current	529.27	(44.83)	484.44	-	-	484.44
	Total	2,806.11	(116.38)	2,689.73	(4.58)	-	2,685.15
Financial liabilities							
(a)	Derivative financial instruments	6.95	-	6.95	(4.58)	-	2.37
(b)	Accounts payable	5,257.55	(116.38)	5,141.17	-	-	5,141.17
	Total	5,264.50	(116.38)	5,148.12	(4.58)	-	5,143.54

NOTES FORMING PART OF FINANCIAL STATEMENTS

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 April 1, 2015:

(₹ in crores)

	Gross amount recognized	Gross amount recognized 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	94.25	-	94.25	(9.52)	-	84.73
(b) Trade receivables	1,582.37	(133.98)	1,448.39	-	-	1,448.39
(c) Loans and advances-current	393.56	(50.98)	342.58	-	-	342.58
Total	2,070.18	(184.96)	1,885.22	(9.52)	-	1,875.70
Financial liabilities						
(a) Derivative financial instruments	27.84	-	27.84	(9.52)	-	18.32
(b) Trade payables	5,185.14	(184.96)	5,000.18	-	-	5,000.18
Total	5,212.98	(184.96)	5,028.02	(9.52)	-	5,018.50

(b) ***Transfer of financial assets***

The Company transfers certain trade receivables under the debt factoring arrangements. These do not qualify for derecognition, due to the recourse arrangement in place. Consequently the proceeds received from transfer are recorded as loans from banks / financial institutions and classified under short-term borrowings.

The carrying amount of trade receivables along with the associated liabilities is as follows:

(₹ in crores)

	As at March 31,				As at April 1,	
	2017		2016		2015	
Nature of Asset	Carrying amount of asset sold	Carrying amount of associated liabilities	Carrying amount of asset sold	Carrying amount of associated liabilities	Carrying amount of asset sold	Carrying amount of associated liabilities
Trade receivables	-	-	224.04	224.04	234.63	234.63

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.

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

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss 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. The risks primarily relate to fluctuations in U.S. dollar, Euro, GBP and Thai Baht against the 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 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%.

NOTES FORMING PART OF FINANCIAL STATEMENTS

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 at March 31, 2017:

(₹ in crores)

		U.S. dollar	Euro	GBP	THB	Others [1]	Total
(a)	Financial assets	**395.23**	**11.03**	**34.53**	**95.25**	**16.22**	**552.26**
(b)	Financial liabilities	**5,974.81**	**150.24**	**374.84**	**8.17**	**26.17**	**6,534.23**

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

The following table set forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed at clause (iv) below) as at March 31, 2016:

(₹ in crores)

		U.S. dollar	Euro	GBP	THB	Others [2]	Total
(a)	Financial assets	323.14	6.53	41.10	57.60	12.24	440.61
(b)	Financial liabilities	6,136.72	407.51	315.46	13.98	16.41	6,890.08

[2] Others mainly include currencies such as the Russian rouble, Swiss Franc, Australian dollars, South African rand, Singapore dollars 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 ₹44.06 crores and ₹689.01 crores for financial assets and financial liabilities respectively for the year ended March 31, 2016.

The following table sets forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed at clause (iv) below) as at April 1, 2015:

(₹ in crores)

		U.S. dollar	Euro	GBP	THB	Others [3]	Total
(a)	Financial assets	966.35	22.09	54.96	34.53	27.52	1,105.45
(b)	Financial liabilities	5,364.58	431.66	358.59	1.81	9.33	6,165.97

[3] Others mainly include currencies such as the Russian rouble, Swiss Franc, Australian dollars, South African rand, Singapore dollars 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 ₹110.55 crores and ₹616.60 crores for financial assets and financial liabilities respectively for the year ended March 31, 2015.

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

(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, 2017 and 2016, financial liability of ₹**3,418.97 crores** and ₹4,848.39 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 ₹**34.19 crores** and ₹48.48 crores for the year ended March 31, 2017 and 2016, 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).

(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 at March 31, 2017, 2016 and April 1, 2015 was ₹**218.18 crores,** ₹143.34 crores and ₹143.53 crores, respectively. A 10% change in equity price as at March 31, 2017, 2016 and April 1, 2015 would result in an impact of ₹**21.82 crores,** ₹14.43 crores and ₹14.35 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 or loss, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of exposure to credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was **₹5,732.64 crores** as at March 31, 2017, ₹5,717.59 crores as at March 31, 2016, 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, 2017, that defaults in payment obligations will occur.

In addition, exposure to credit risk is also in relation to financial guarantee contracts for which the Company has created a liability for potentional exposures.

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,						As at April 1,		
		2017			2016			2015		
	Trade receivables	**Gross**	**Allowance**	**Net**	**Gross**	**Allowance**	**Net**	**Gross**	**Allowance**	**Net**
	Period (in months)									
(a)	Not due	**915.10**	**(9.59)**	**905.51**	874.72	(34.05)	840.67	637.97	(32.44)	605.53
(b)	Overdue up to 3 months	**841.67**	**(15.83)**	**825.84**	768.96	(9.72)	759.24	423.91	(25.52)	398.39
(c)	Overdue 3-6 months	**138.47**	**(11.36)**	**127.11**	160.89	(9.86)	151.03	230.30	(11.06)	219.24
(d)	Overdue more than 6 months	**925.93**	**(656.39)**	**269.54** [1]	873.11	(578.47)	294.64 [1]	760.95	(535.72)	225.23 [1]
	Total	**2,821.17**	**(693.17)**	**2,128.00**	2,677.68	(632.10)	2,045.58	2,053.13	(604.74)	1,448.39

[1] Trade receivables overdue more than six months include **₹212.29 crores** as at March 31, 2017 (₹230.02 crores as at March 31, 2016 and ₹152.93 crores as at April 1, 2015) outstanding from 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.

(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, 2017:

(₹ 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	7,015.21	7,015.21	-	-	-	7,015.21
(b)	Acceptances	4,379.29	4,379.29	-	-	-	4,379.29
(c)	Borrowings and interest thereon	20,023.71	7,056.76	2,662.85	10,158.67	5,003.70	24,881.98
(d)	Other financial liabilities	2,616.77	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	34,044.91	19,954.30	3,682.08	10,215.23	5,077.38	38,928.99

NOTES FORMING PART OF FINANCIAL STATEMENTS

The table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2016:

(₹ 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	5,141.17	5,141.17	-	-	-	5,141.17
(b)	Acceptances	3,887.28	3,887.28	-	-	-	3,887.28
(c)	Borrowings and interest thereon	16,926.82	6,853.32	1,580.97	7485.76	5,537.55	21,457.60
(d)	Other financial liabilities	4,016.94	1,105.84	1,137.45	1,743.31	60.06	4,046.66
(e)	Derivative liabilities	6.95	6.28	-	0.58	0.09	6.95
	Total	29,979.16	16,993.89	2,718.42	9,229.65	5,597.70	34,539.66

The table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at April 1, 2015:

	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	5,000.18	5,000.18	-	-	-	5,000.18
(b)	Acceptances	3,950.53	3,950.53	-	-	-	3,950.53
(c)	Borrowings and interest thereon	22,117.88	10,535.62	2,966.27	4,608.45	9,481.55	27,591.89
(d)	Other financial liabilities	4,336.84	633.00	721.31	2,960.17	60.69	4,375.17
(e)	Derivative liabilities	27.84	4.29	8.68	1.96	12.91	27.84
	Total	35,433.27	20,123.62	3,696.26	7,570.58	9,555.15	40,945.61

NOTES FORMING PART OF FINANCIAL STATEMENTS

(iv) **Derivative financial instruments and risk management**

The Company has entered into 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. 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,		As at April 1,
		2017	2016	2015
(a)	Foreign currency forward exchange contracts and options	**276.81**	151.95	66.85
(b)	Commodity Derivatives	**4.37**	0.81	(0.44)
	Total	**281.18**	152.76	66.41

The gain/(loss) on due to fluctuation in foreign currency exchange rates on derivative contract, recognized in the statement of profit and loss was ₹**85.41 crores** and ₹26.51 crores for the years ended March 31, 2017 and 2016, respectively.

The gain/(loss) on commodity derivative contracts, recognized in the statement of profit and loss was ₹**9.06 crores** and (₹8.58 crores) for the years ended March 31, 2017 and 2016, 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 Limited., subsidiaries and joint ventures of Tata Sons Limited. 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, 2017:

(₹ in crores)

	Subsidiaries	Joint Operations	Associates and its subsidiaries	Tata Sons Ltd., its subsidiaries and joint ventures	Total
Purchase of products	1,025.38	2,275.75	2,056.84	65.46	5,423.43
Sale of products	4,545.41	323.72	248.20	452.62	5,569.95
Services received	2,571.56	0.07	10.89	256.50	2,839.02
Services rendered	327.87	16.12	13.03	4.64	361.66
Bills discounted	-	-	-	3,202.77	3,202.77
Purchase of property, plant and equipment	46.10	-	13.79	0.02	59.91
Interest (income)/expense, dividend (income)/paid, net	(631.60)	(12.12)	(11.07)	36.52	(618.27)
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	338.00	-	56.00	0.64	394.64
Trade and other receivables	247.06	-	46.26	36.14	329.46
Trade payables	1,013.33	123.96	39.63	49.55	1,226.47
Finance given, taken back (including loans and equity)	252.26	132.50	-	-	384.76
Finance taken, paid back (including loans and equity)	3,628.45	-	629.00	-	4,257.45
Conversion of Optionally Convertible Preference shares into Equity shares	-	-	159.00	-	159.00
Assets / deposits given as security	2,502.35	-	-	3.00	2,505.35
Deposit taken as security	3.31	-	-	-	3.31
Provision for amount recievable (including loans)	639.49	-	-	-	639.49

NOTES FORMING PART OF FINANCIAL STATEMENTS

The following table summarizes related-party transactions and balances for the year ended/as at March 31, 2016:

(₹ in crores)

	Subsidiaries	Joint Operations	Associates and its subsidiaries	Tata Sons Ltd., its subsidiaries and joint ventures	Total
Purchase of products	1,060.41	2,781.45	1,764.44	65.89	5,672.19
Sale of products	2,612.77	597.12	210.35	607.47	4,027.71
Services received	2,475.24	0.12	9.61	260.27	2,745.24
Services rendered	256.40	7.97	14.87	11.02	290.26
Bills discounted	-	-	-	2,901.80	2,901.80
Purchase of property, plant and equipment	26.17	-	11.45	0.87	38.49
Sale of property, plant and equipment	5.57	-	-	-	5.57
Sale of investments	746.90	-	-	-	746.90
Interest / dividend paid / (received) (net)	(979.85)	(14.24)	(13.85)	(8.09)	(1,016.03)
Provision for loan given	45.71	-	-	-	45.71
Assets given as security	2,500.00	-	-	-	2,500.00
Amounts receivable in respect of loans and interest thereon	718.40	193.56	-	5.33	917.29
Amounts payable in respect of loans and interest thereon	445.45	-	27.00	3.62	476.07
Trade and other receivables	343.35	-	12.33	47.66	403.34
Trade payables	1,637.05	168.04	58.31	61.11	1,924.51
Finance given (including loans and equity)	256.07	-	-	-	256.07
Finance taken, paid back (including loans and equity)	3,411.80	-	345.00	1,747.09	5,503.89
Bills discounted (in respect of amount receivable)	-	-	5.18	-	5.18
Assets / deposits given as security	2,502.35	-	-	3.00	2,505.35
Provision for amount recievable (including loans)	639.49	-	-	-	639.49

The following table summarizes related-party balances as at April 1, 2015:

	Subsidiaries	Joint Operations	Associates and its subsidiaries	Tata Sons Ltd., its subsidiaries and joint ventures	Total
Amounts receivable in respect of loans and interest thereon	605.48	183.97	25.66	5.33	820.44
Amounts payable in respect of loans and interest thereon	288.75	-	-	3.19	291.94
Trade and other receivables	620.95	-	6.10	94.77	721.82
Trade payables	337.63	143.68	74.98	58.40	614.69
Bills discounted (in respect of amount receivable)	-	-	4.86	-	4.86
Assets / deposits given as security	2.35	-	-	3.00	5.35
Provision for amount recievable (including loans)	539.40	-	-	-	539.40

	Year ended March 31, 2017	Year ended March 31, 2016
Compensation of key management personnel:		
Short-term benefits^	**30.40**	15.81
Post-employment benefits*	**2.04**	1.50

^ Includes ₹**8.08 crores** (₹4.61 crores for the year 2015-16) of managerial remuneration which is subject to the approval of the Central Government

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

	Year ended March 31, 2017	Year ended March 31, 2016
Other transactions with key management personnel:		
Issue of shares pursuant to rights issue	**-**	0.08
Dividend paid	**-** **	-

***amount 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 and Joint Operations for the year ended March 31, 2017, on a standalone basis. **(₹ in crores)**

	Name of the Company	Outstanding as at March 31, 2017	Maximum amount outstanding during the year
(i)	**Subsidiaries:**		
	Tata Motors European Technical Centre Plc., UK	**34.39**	**40.56**
	[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)	40.56	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 S.A.	**58.39**	**58.39**
	(Tata Hispano Motors Carroceries Maghreb S.A. has utilised this loan for general corporate purposes, which is partly provided)	58.32	58.32
	TAL Manufacturing Solutions Ltd	**-**	**5.00**
	(Inter Corporate Deposit utilised for working capital finance at the rate of interest of 9.25% p.a. to 10.50% p.a. having Call / Put option)	5.00	15.00
	Concorde Motors (India) Ltd	**50.00**	**50.00**
	(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)	50.00	50.00
	Tata Marcopolo Motors Ltd	**10.00**	**25.00**
	(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)	25.00	25.00
(ii)	**Joint Operations:**		
	Fiat India Automobiles Private Ltd	**-**	**265.00**
	(Loan has been utilised for meeting Capex requirement. The Interest rate is RBI Bank rate)	265.00	265.00

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

44 Details of significant investment in subsidiaries, joint ventures and associates

Name of the Company	Country of incorporation/ Place of business	% direct holding As at March 31, 2017	2016	As at April 1, 2015
Subsidiaries				
Sheba Properties Ltd	India	-	-	100.00
TML Drivelines Ltd	India	**100.00**	100.00	100.00
TAL Manufacturing Solutions Ltd	India	**100.00**	100.00	100.00
Concorde Motors (India) Ltd	India	**100.00**	100.00	100.00
Tata Motors Insurance Broking & Advisory Services Ltd	India	**100.00**	100.00	100.00
Tata Motors European Technical Centre Plc	UK	**100.00**	100.00	100.00
Tata Technologies Ltd	India	**70.42**	70.43	70.43
Tata Motors Finance Ltd	India	**100.00**	100.00	100.00
Tata Marcopolo Motors Ltd	India	**51.00**	51.00	51.00
TML Holdings Pte Ltd	Singapore	**100.00**	100.00	100.00
TML Distribution Company Ltd	India	**100.00**	100.00	100.00
Tata Hispano Motors Carrocera S.A	Spain	**100.00**	100.00	100.00
Tata Hispano Motors Carroceries Maghreb S.A	Morocco	**100.00**	100.00	100.00
Trilix S.r.l	Italy	**80.00**	80.00	80.00
Tata Precision Industries Pte Ltd	Singapore	**78.39**	78.39	78.39
Joint Ventures				
JT Special Vehicle (P) Ltd.	India	**50.00**	-	-
Associates				
Automobile Corporation of Goa Ltd	India	**46.44**	46.44	46.44
Nita Co. Ltd	Bangladesh	**40.00**	40.00	40.00
Tata AutoComp Systems Ltd	India	**26.00**	26.00	26.00
Tata Hitachi Construction Machinery Company Private Ltd	India	**39.74**	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 recognized 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,			
	2017	2016	**2017**	2016
Change in defined benefit obligations:				
Defined benefit obligation, beginning of the year	**770.31**	756.01	**133.09**	132.75
Current service cost	**50.84**	48.00	**6.43**	6.05
Interest cost	**58.57**	56.12	**10.35**	10.39
Remeasurements (gains) / losses				
Actuarial (gains) / losses arising from changes in demographic assumptions	**-**	1.46	**-**	-
Actuarial (gains) / losses arising from changes in financial assumptions	**11.97**	2.78	**16.88**	3.70
Actuarial (gains) / losses arising from changes in experience adjustments	**(6.89)**	2.81	**(9.21)**	(14.88)
Past service cost	**-**	-	**-**	-
Transfer in/(out) of liability	**-**	5.47	**-**	0.73
Benefits paid from plan assets	**(66.19)**	(97.54)	**-**	-
Benefits paid directly by employer	**(4.78)**	(4.80)	**(7.34)**	(5.65)
Defined benefit obligation, end of the year	**813.83**	770.31	**150.20**	133.09
Change in plan assets:				
Fair value of plan assets, beginning of the year	**674.17**	665.48	-	-
Interest income	**51.67**	50.46	-	-
Remeasurements gains / (losses)				
Return on plan assets, (excluding amount included in net Interest expense)	**22.93**	16.64	-	-
Employer's contributions	**16.10**	33.73	-	-
Transfer in/(out) of assets	**-**	5.40	-	-
Benefits paid	**(66.19)**	(97.54)	-	-
Fair value of plan assets, end of the year	**698.68**	674.17	-	-

	Pension benefits			Post retirement medical benefits		
	As at March 31,		As at April 1,	As at March 31,		As at April 1,
	2017	2016	2015	**2017**	2016	2015
Amount recognized in the balance sheet consists of:						
Present value of defined benefit obligation	**813.83**	770.31	756.01	**150.20**	133.09	132.75
Fair value of plan assets	**698.68**	674.17	665.48	**-**	-	-
Net liability	**(115.15)**	(96.14)	(90.53)	**(150.20)**	(133.09)	(132.75)
Amounts in the balance sheet:						
Non–current assets	**4.19**	3.62	5.49	**-**	-	-
Non–current liabilities	**(119.34)**	(99.76)	(96.02)	**(150.20)**	(133.09)	(132.75)
Net liability	**(115.15)**	(96.14)	(90.53)	**(150.20)**	(133.09)	(132.75)

Total amount recognized in other comprehensive income consists of:	Pension benefits		Post retirement medical benefits	
	As at March 31,			
	2017	2016	**2017**	2016
Remeasurements (gains) / losses	**(27.44)**	(9.59)	**(3.51)**	(11.18)
	(27.44)	(9.59)	**(3.51)**	(11.18)

NOTES FORMING PART OF FINANCIAL STATEMENTS

(₹ in crores)

Information for funded plans with a defined benefit obligation in excess of plan assets:	Pension benefits		
	As at March 31,		As at April 1,
	2017	2016	2015
Defined benefit obligation	**704.76**	664.53	651.35
Fair value of plan assets	**678.06**	652.25	636.76

Information for funded plans with a defined benefit obligation less than plan assets:	Pension benefits		
	As at March 31,		As at April 1,
	2017	2016	2015
Defined benefit obligation	**16.43**	18.30	23.23
Fair value of plan assets	**20.62**	21.92	28.72

Information for unfunded plans:	Pension benefits			Post retirement medical benefits		
	As at March 31,		As at April 1,	As at March 31,		As at April 1,
	2017	2016	2015	**2017**	2016	2015
Defined benefit obligation	**92.64**	87.48	81.43	**150.22**	133.10	132.75

Net pension and post retirement medical cost consist of the following components:	Pension benefits		Post retirement medical benefits	
	As at March 31,			
	2017	2016	**2017**	2016
Service cost	**50.84**	48.00	**6.43**	6.05
Net interest cost / (income)	**6.90**	5.66	**10.35**	10.39
Net periodic cost	**57.74**	53.66	**16.78**	16.44

Other changes in plan assets and benefit obligation recognized in other comprehensive income:	Pension benefits		Post retirement medical benefits	
	As at March 31,			
	2017	2016	**2017**	2016
Remeasurements				
Return on plan assets, (excluding amount included in net Interest expense)	**(22.93)**	(16.64)	**-**	-
Actuarial (gains) / losses arising from changes in demographic assumptions	**-**	1.46	**-**	-
Actuarial (gains) / losses arising from changes in financial assumptions	**11.97**	2.78	**16.88**	3.70
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	**(6.89)**	2.81	**(9.21)**	(14.88)
Total recognized in other comprehensive income	**(17.85)**	(9.59)	**7.67**	(11.18)
Total recognized in statement of profit and loss and other comprehensive income	**39.89**	44.07	**24.45**	5.26

NOTES FORMING PART OF FINANCIAL STATEMENTS

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,		As at April 1,	As at March 31,		As at April 1,
	2017	2016	2015	**2017**	2016	2015
Discount rate	**6.75%-7.50%**	6.75%-8.00%	6.75%-8.00%	**7.30%**	8.00%	8.00%
Rate of increase in compensation level of covered employees	**5.00% -8.00%**	5.00% -11.00%	5.00% -11.00%	**NA**	NA	NA
Increase in health care cost	**NA**	NA	NA	**6.00%**	6.00%	6.00%

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2017, 2016 and April 1, 2015 by category are as follows:

	Pension benefits		
	As at March 31,		As at April 1,
	2017	2016	2015
Asset category:	**0.4%**	2.2%	**6.8%**
Cash and cash equivalents	**71.9%**	77.8%	**65.0%**
Debt instruments (quoted)	**5.4%**	1.1%	**7.0%**
Debt instruments (unquoted)	**1.5%**	1.2%	-
Equity instruments (quoted)	**20.8%**	17.7%	**21.2%**
Deposits with Insurance companies	**100.0%**	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, 2017 is **15.7 years** (March 31, 2016 : 16 years, April 1, 2015 : 16.3 years)

The Company expects to contribute **₹60.89 crores** to the funded pension plans in FY 2017-18.

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 ₹79.94 crores	Decrease by ₹16.04 crores
	Decrease by 1%	Increase by ₹92.01 crores	Increase by ₹17.60 crores
Salary escalation rate	Increase by 1%	Increase by ₹67.17 crores	Increase by ₹15.58 crores
	Decrease by 1%	Decrease by ₹59.16 crores	Decrease by ₹13.51 crores
Health care cost	Increase by 1%	Increase by ₹19.96 crores	Increase by ₹4.58 crores
	Decrease by 1%	Decrease by ₹17.94 crores	Decrease by ₹3.80 crores

The Company's contribution to defined contribution plan aggregated **₹152.62 crores** and ₹148.25 crores for the years ended March 31, 2017 and 2016, 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 Automobiles 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, 2017	As at March 31, 2016	As at April 1, 2015
I. ASSETS			
1. NON-CURRENT ASSETS			
(a) Property, plant and equipment	**15,792.78**	15,861.26	15,717.55
(b) Capital work-in-progress	**1,458.75**	1,415.86	1,297.53
(c) Other intangible assets	**2,720.93**	3,338.28	3,171.24
(d) Intangible assets under development	**5,328.15**	4,128.57	3,840.98
(e) Investments in subsidiaries, joint arrangements and associates	**16,435.91**	16,247.45	16,238.94
(f) Financial assets			
(i) Investments	**528.37**	627.07	626.26
(ii) Loans and advances	**388.86**	246.74	441.53
(iii) Other financial assets	**190.54**	102.34	180.34
(g) Non-current tax assets (net)	**674.04**	717.63	512.78
(h) Other non-current assets	**1,534.09**	1,485.13	1,548.57
	45,052.42	44,170.33	43,575.72
2. CURRENT ASSETS			
(a) Inventories	**5,136.99**	4,902.20	4,802.08
(b) Investments in subsidiaries, joint arrangements and associates	**-**	-	15.54
(c) Financial assets			
(i) Investments	**2,400.92**	1,745.34	4.68
(ii) Trade receivables	**1,922.88**	1,758.45	1,316.66
(iii) Cash and cash equivalents	**109.34**	211.74	861.95
(iv) Bank balances other than (iii) above	**86.67**	236.35	28.87
(v) Loans and advances	**231.03**	616.15	372.55
(vi) Other financial assets	**100.69**	156.94	39.27
(d) Current tax assets (net)	**129.49**	3.84	106.62
(e) Other current assets	**1,395.46**	1,273.40	1,176.49
	11,513.47	10,904.41	8,724.71
TOTAL ASSETS	**56,565.89**	55,074.74	52,300.43
II. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share capital	**679.22**	679.18	643.78
(b) Other Equity	**19,874.55**	22,441.98	14,604.01
	20,553.77	23,121.16	15,247.79
LIABILITIES			
1. NON-CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	**13,064.52**	10,196.18	11,870.05
(ii) Other financial liabilities	**1,123.11**	2,911.26	3,721.71
(b) Provisions	**822.85**	729.37	687.77
(c) Other non-current liabilities	**86.61**	154.29	165.55
	15,097.09	13,991.10	16,445.08
2. CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	**5,049.20**	3,575.78	7,996.64
(ii) Trade payables	**6,782.99**	5,008.25	4,877.45
(iii) Acceptances	**4,379.29**	3,887.28	3,950.53
(iv) Other financial liabilities	**2,365.30**	3,321.72	2,122.06
(b) Provisions	**435.24**	421.95	351.14
(c) Current tax liabilities (net)	**67.02**	67.02	22.46
(d) Other current liabilities	**1,835.99**	1,680.48	1,287.28
	20,915.03	17,962.48	20,607.56
TOTAL EQUITY AND LIABILITIES	**56,565.89**	55,074.74	52,300.43

NOTES FORMING PART OF FINANCIAL STATEMENTS

B. Statement of Profit and Loss (₹ in crores)

			Year ended March 31, 2017	2016
I.	Income from operations		**48,319.90**	46,715.90
II.	Other Income		**982.12**	1,406.58
III.	**Total Income (I + II)**		**49,302.02**	48,122.48
IV.	**Expenses:**			
	(a) Cost of materials consumed		**27,390.59**	24,313.08
	(b) Purchase of products for sale		**4,405.11**	5,259.27
	(c) Changes in inventories of finished goods, work-in-progress, and products for sale		**(193.81)**	22.94
	(d) Excise duty		**4,506.71**	4,325.81
	(e) Employee benefits expense		**3,401.34**	3,048.71
	(f) Finance cost		**1,556.90**	1,541.54
	(g) Foreign exchange (gain)/loss (net)		**(253.82)**	200.86
	(h) Depreciation and amortisation expense		**2,763.11**	2,144.89
	(i) Product development/Engineering expenses		**453.33**	417.89
	(j) Other expenses		**8,494.68**	8,003.71
	(k) Amount capitalised		**(941.55)**	(1,034.18)
	Total Expenses (IV)		**51,582.59**	48,244.52
V.	**Profit/(loss) before exceptional items and tax (III - IV)**		**(2,280.57)**	(122.04)
VI.	**Exceptional Items**			
	(a) Provision for impairment of investments and cost associated with closure of operations of a subsidiary		**-**	97.86
	(b) Provision for impairment of investment in a subsidiary		**123.17**	-
	(c) Impairment of capitalised property, plant and equipment and other intangible assets		**-**	163.94
	(d) Employee separation cost		**67.61**	10.04
	(e) Others		**147.93**	-
VII.	**Profit/(loss) before tax (V-VI)**		**(2,619.28)**	(393.88)
VIII.	**Tax expense/(credit) (net)**			
	(a) Current tax		**(8.52)**	(88.52)
	(b) Deferred tax		**(13.14)**	(2.92)
	Total Tax Expense/(credit)		**(21.66)**	(91.44)
IX.	**Profit/(loss) for the period from continuing operations (VII-VIII)**		**(2,597.62)**	(302.44)
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)		**14.66**	21.94
	b. Equity instruments fair value through other comprehensive income		**73.84**	81.19
	(ii) Income tax (expense)/credit relating to items that will not be reclassified to profit or loss		**(5.07)**	(7.60)
	B. (i) Items that will be reclassified to profit or loss - gains and (losses) in cash flow hedges		**23.32**	(13.98)
	(ii) Income tax (expense)/credit relating to items that will be reclassified to profit or loss		**(8.07)**	4.68
	Total other comprehensive income/(loss), net of taxes		**98.68**	86.23
XI.	**Total comprehensive income/(loss) for the period (IX+X)**		**(2,498.94)**	(216.21)
XII.	**Earnings per equity share (EPS)**			
	A. Ordinary shares (face value of ₹2 each) :			
	(i) Basic	₹	**(7.65)**	(0.89)
	(ii) Diluted	₹	**(7.65)**	(0.89)
	B. 'A' Ordinary shares (face value of ₹2 each) :			
	(i) Basic	₹	**(7.65)**	(0.89)
	(ii) Diluted	₹	**(7.65)**	(0.89)

NOTES FORMING PART OF FINANCIAL STATEMENTS

C Statement of Changes in Equity for the year 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

(₹ in crores)

Particulars	Securities premium account	Capital redemption reserve	Debenture redemption reserve	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	19,209.42	2.28	1,042.15	709.36	1,572.34	(100.96)	7.39	-	22,441.98
Profit/(loss) for the year	-	-	-	-	(2,597.62)	-	-	-	(2,597.62)
Other comprehensive income /(loss) for the year	-	-	-	-	9.59	73.84	3.87	11.38	98.68
Total comprehensive income/ (loss) for the year	-	-	-	-	(2,588.03)	73.84	3.87	11.38	(2,498.94)
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	709.36	(1,132.48)	(27.12)	11.26	11.38	19,874.55

D. Statement of Changes in Equity for the year ended March 31, 2016

(i) Equity Share Capital

(₹ in crores)

Particulars	Equity Share Capital
Balance as at April 1, 2015	643.78
Issue of shares pursuant to Rights issue	35.40
Balance as at March 31, 2016	679.18

(ii) Other equity

(₹ in crores)

Particulars	Securities premium account	Capital redemption reserve	Debenture redemption reserve	Retained earnings		Other components of equity (OCI)		Total other equity
				Undistributable (Ind AS 101)	Distributable	Equity instruments through OCI	Hedging reserve	
Balance as at April 1, 2015	11,811.60	2.28	1,042.15	494.95	1,338.11	(101.77)	16.69	14,604.01
Profit/(loss) for the year	-	-	-	(536.67)	234.23	-	-	(302.44)
Other comprehensive income /(loss) for the year	-	-	-	14.34	-	81.19	(9.30)	86.23
Total comprehensive income/ (loss) for the year	-	-	-	(522.33)	234.23	81.19	(9.30)	(216.21)
Profit on sale of unquoted equity investment	-	-	-	80.38	-	(80.38)	-	-
Profit on sale of investments on common control transactions	-	-	-	656.36	-	-	-	656.36
Issue of shares pursuant to Rights issue (net of Issue expenses of ₹57.27 crores)	7,397.82	-	-	-	-	-	-	7,397.82
Balance as at March 31, 2016	19,209.42	2.28	1,042.15	709.36	1,572.34	(100.96)	7.39	22,441.98

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,		As at April 1,
			2017	2016	2015
(a)	Amounts outstanding but not due as at March 31/April 1,		**123.27**	128.40	139.43
(b)	Amounts due but unpaid as at March 31/April 1,	- Principal	**-**	-	-
(c)	Amounts paid after appointed date during the year	- Principal	**88.32**	123.71	127.08
(d)	Amount of interest accrued and unpaid as at March 31/April 1,	- Interest	**1.72**	1.18	1.16
(e)	Amount of estimated interest due and payable for the period from April 1,2017 to actual date of payment or May 23, 2017 (whichever is earlier)	- Interest	**0.18**	0.09	0.10

ii) Disclosure on Specified Bank Notes (SBNs)

As required by MCA notification G.S.R. 308 (E) dated March 30, 2017, details in respect of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016 are given below:

(Amount in ₹)

Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on November 8, 2016	**20,52,250**	**2,64,624**	**23,16,874**
(+) Non-permitted receipts	**79,500**	**-**	**79,500**
(+) Permitted receipts	**-**	**1,74,88,395**	**1,74,88,395**
(-) Permitted payments	**-**	**(81,69,746)**	**(81,69,746)**
(-) Amount deposited in banks	**(21,31,750)**	**(80,92,795)**	**(1,02,24,545)**
Closing cash in hand as on December 30, 2016	**-**	**14,90,478**	**14,90,478**

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

(₹ in crores)

	Particulars	Year ended March 31	
		2017	2016
(a)	Revenue expenditure-charged to statement of profit and loss	**508.26**	563.11
(b)	Revenue expenditure-capitalised	**1,526.34**	1,573.20
(c)	Capital expenditure	**65.59**	80.80
		2,100.19	2,217.11

iv) 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.

v) Current year figures are shown in bold prints.

For and on behalf of the Board

N CHANDRASEKARAN *[DIN: 00121863]*
Chairman

R A MASHELKAR *[DIN: 00074119]*

N MUNJEE *[DIN:00010180]*

V K JAIRATH *[DIN: 00391684]*

O P BHATT *[DIN:00548091]*

R SPETH *[DIN: 03318908]*
Directors

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

R PISHARODY *[DIN: 01875848]*
Executive Director

S B BORWANKAR *[DIN: 01793948]*
Executive Director

C RAMAKRISHNAN
Group Chief Financial Officer

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

Mumbai, May 23, 2017