

# Notes Forming Part of Consolidated Financial Statements

## 1. Background and operations

Tata Motors Limited and its subsidiaries and joint operations, (collectively referred to as “the Company” or “Tata Motors”), designs, manufactures and sells a wide range of automotive vehicles. The Company provides financing for the vehicles sold by dealers of the Company in certain markets. The Company also manufactures engines for industrial and marine applications, aggregates such as axles and transmissions for commercial vehicles and factory automation equipment, and provides information technology services.

Tata Motors Limited is a public limited Company incorporated and domiciled in India and has its registered office in Mumbai, India. As at March 31, 2019, Tata Sons Private Limited together with its subsidiaries, owns 38.52% 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 Company’s operations include the Jaguar Land Rover business (referred to as JLR or Jaguar Land Rover).

The consolidated financial statements were approved by the Board of Directors and authorised for issue on May 20, 2019.

## 2. Significant Accounting Policies

### a. Statement of compliance

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 consolidated 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.

### c. Basis of consolidation

#### *Subsidiaries*

The consolidated financial statements include Tata Motors Limited and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company (a) has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to affect those returns through its power over the investee. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above. In assessing control, potential voting rights

that currently are exercisable are taken into account. The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Inter-company transactions and balances including unrealised profits are eliminated in full on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Company’s equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance. Changes in the Company’s interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e., reclassified to profit or loss) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind-AS 109 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

# Notes Forming Part of Consolidated Financial Statements

## Interests in joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

## 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. The Company recognises, in the consolidated financial statements, 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.

## Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The results, assets and liabilities of a joint venture are incorporated in these financial statements using the equity method of accounting as described below.

## Associates

Associates are those entities in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control those policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting as described below.

## Equity method of accounting (equity accounted investees)

An interest in an associate or joint venture is accounted for using the equity method from the date in which the investee becomes an associate or a joint venture and are recognised initially at cost. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Company's share

of profits or losses and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments in the nature of net investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

When the Company transacts with an associate or joint venture of the Company, unrealised profits and losses are eliminated to the extent of the Company's interest in its associate or joint venture.

## d. Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standard.

Purchase consideration in excess of the Company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognised, after reassessment of fair value of net assets acquired, in the Capital Reserve.

## e. 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, income, expenses 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

## Notes Forming Part of Consolidated Financial Statements

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

- i) Note 3 and 6 - Property, plant and equipment and intangible assets – Useful lives and impairment
- ii) Note 5 - Impairment of goodwill
- iii) Note 6 and 7 - Impairment of indefinite life intangible assets
- iv) Note 21 - Recoverability/recognition of deferred tax assets
- v) Note 29 - Provision for product warranty
- vi) Note 37 - Assets and obligations relating to employee benefits
- vii) Note 17 - Allowances for credit losses for finance receivables

### f. Revenue recognition

The Company generates revenue principally from –

- a) Sale of products – (i) commercial and passenger vehicles and vehicle parts and (ii) Sales of other products - certain software products and other automotive products

The Company recognises revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers or when delivered to a carrier for export sales, which is when control including risks and rewards and title of ownership pass to the customer. Sale of products is presented net of excise duty where applicable and other indirect taxes.

The consideration received in respect of transport arrangements for delivering of vehicles to the customers are recognised net of their costs within revenues in the income statement.

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

- b) Sale of services - maintenance service and extended warranties for commercial and passenger vehicles, software support services and insurance broking services.

Income from sale of maintenance services and extended warranties, including software services are recognised as income over the relevant period of service or extended warranty.

When the Company sells products that are bundled with maintenance service or extended period of warranty, such services are treated as a separate performance obligation only if the service or warranty is optional to the customer or includes an additional service component. In such cases, the transaction price allocated towards such maintenance service or extended period of warranty is recognised as a contract liability until the service obligation has been met.

The Company operates certain customer loyalty programs under which customer is entitled to reward points on the spend towards Company's products. The reward points earned by customers can be redeemed to claim discounts on future purchase of certain products or services. Transaction price allocated towards reward points granted to customers is recognised as a deferred income liability and transferred to income when customers redeem their reward points.

For certain sale of services wherein performance obligation is satisfied over a period of time, any amount received in advance is recorded as contract liability and recognised as revenue when service is rendered to customers. Any amount of income accrued but not billed to customers in respect of such contracts is recorded as a contract asset. Such contract assets are transferred to Trade receivables on actual billing to customers.

Refund liabilities comprise of obligation towards customers to pay for discounts and sales incentives.

Proceeds from sale of vehicles for which the Company or any of its subsidiaries have retained buy back obligation in future is recorded as a liabilities – (i) Proceeds received in excess of agreed buy back price is recognised as Deferred income liability and (ii) the agreed buy back price is recognised as Buy back liability. Deferred income liability is recognised as operating lease income on time proportionate basis over date of sale and date of buy back.

# Notes Forming Part of Consolidated Financial Statements

- c) Financing revenues - Interest income from financing transactions and income from leasing of vehicles to customers.
- d) Finance and service charges are accrued on the unpaid principal balance of finance receivables using the effective interest method.

## **g. Government grants and incentives**

Other income includes export and other recurring and non-recurring incentives from Government (referred as "incentives").

Government grants are recognised when there is reasonable assurance that the Company will comply with the relevant conditions and the grant will be received.

These are recognised in the consolidated statement of Profit and Loss, either on a systematic basis when the Company recognises, as expenses, the related costs that the grants are intended to compensate or, immediately if the costs have already been incurred. Government grants related to assets are deferred and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure, and government grants that are awarded as incentives with no ongoing performance obligations to the Company are recognised as income in the period in which the grant is received.

## **h. Cost recognition**

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

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

## **i. Provisions**

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

## **ii) Product warranty expenses**

The estimated liability for product warranties are recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The timing of outflows will vary as and when warranty claim will arise, being typically up to six years. The Company also has back-to-back contractual arrangement with its suppliers in the event that a vehicle fault is proven to be a supplier's fault.

Estimates are made of the expected reimbursement claim based upon historical levels of recoveries from supplier, adjusted for inflation and applied to the population of vehicles under warranty as on balance sheet date. Supplier reimbursements are recognised as separate asset.

## **ii) Residual risk**

In certain markets, the Company is responsible for the residual risk arising on vehicles sold by dealers under leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements being typically up to three years.

## **iii) Legal and product liability**

Legal and product liability provision is recorded in respect of compliance with regulations and known litigations which impact the Company. The product liability claim primarily relates to motor accident claims, consumer complaints, dealer terminations, personal injury claims and compliance with regulations.

## **iv) Environmental liability**

Environmental liability relates to various environmental remediation cost such as asbestos removal and land clean up. The timing of when these costs will be incurred is not known with certainty.

## **j. Foreign currency**

These consolidated 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

## Notes Forming Part of Consolidated Financial Statements

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 recognised 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 capitalised as part of borrowing costs.

For the purpose of consolidation, the assets and liabilities of the Company's foreign operations are translated to Indian rupees at the exchange rate prevailing on the balance sheet date, and the income and expenses at the average rate of exchange for the respective months. Exchange differences arising on such translation are recognised as currency translation reserve under equity. Exchange differences arising from the translation of a foreign operation previously recognised in currency translation reserve in equity are not reclassified from equity to profit or loss until the disposal of the operation.

### k. Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the statement of Profit and Loss except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside profit or loss, or where they arise from the initial accounting for business combination. In the case of a business combination the tax effect is included in the accounting for the business combination. Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

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

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is

settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### l. Cash & cash equivalents

Cash and cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

### m. Earnings per share

Basic earnings per share has been computed by dividing profit 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.

### n. Inventories

Inventories (other than those recognised consequent to the sale of vehicles subject to repurchase arrangements) are valued at the lower of cost and net realisable value. Cost of raw materials, components and consumables are ascertained on a first in first out basis. Cost, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses. Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the Company and are amortised in changes in inventories of finished goods to their residual values (i.e., estimated second hand sale value) over the term of the arrangement.

### o. 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. Heritage assets, comprising antique vehicles purchased by the Company, are not depreciated as they are



# Notes Forming Part of Consolidated Financial Statements

considered to have a residual value in excess of cost. Residual values are re-assessed on an annual basis. Cost includes purchase price, taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

Interest cost incurred for constructed assets is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. Depreciation is provided on the Straight Line Method (SLM) over the estimated useful lives of the assets considering the nature, estimated usage, operating conditions, past history of replacement, anticipated technological changes, manufacturer's warranties and maintenance support. Taking into account these factors, the Company and its domestic group companies have decided to retain the useful life hitherto adopted for various categories of property, plant and equipment, which are different from those prescribed in Schedule II of the Act.

Estimated useful lives of the assets are as follows:

Type of Asset	Estimated useful life
Buildings, Roads, Bridge and culverts	4 to 60 years
Plant, machinery and equipment	3 to 30 years
Computers and other IT assets	3 to 6 years
Vehicles	3 to 11 years
Furniture, fixtures and office appliances	3 to 21 years

The useful lives and method of depreciation is reviewed at least at each year-end. Changes in expected useful lives are treated as change in accounting estimates. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

## p. Other intangible assets

Intangible assets purchased, including those acquired in business combinations, are measured at cost or fair value as of the date of acquisition where applicable less accumulated amortisation and accumulated impairment, if any. Intangible assets with indefinite lives are reviewed annually to determine whether indefinite-life assessment continues to

be supportable. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

Estimated useful lives of assets are as follows:

Type of Asset	Estimated useful life
Patents and technological knowhow	2 to 12 years
Computer software	1 to 8 years
Customer related intangibles - dealer network	20 years
Intellectual property rights	3 to 10 years

The amortisation 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 asset

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 recognised as intangible assets, when feasibility has been established, the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate probable future economic benefits. The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use. Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset. Product development cost is amortised on a straight line basis over a period of 24 months to 120 months. Product development expenditure is measured at cost less accumulated amortisation and accumulated impairment, if any.

## q. Leases

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

## Assets taken on finance lease

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of

## Notes Forming Part of Consolidated Financial Statements

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

### Assets taken on operating lease

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

### r. Impairment

#### i) Goodwill

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

#### ii) Property, plant and equipment and other intangible assets

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 with indefinite useful lives and intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired. Recoverable amount is

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

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

### s. Employee benefits

#### i) Pension plans

Jaguar Land Rover operate defined benefit pension plans for certain of its subsidiaries, which are contracted out of the second state pension scheme until April 5, 2016. The assets of the plan are held in separate trustee administered funds. The plans provide for monthly pension after retirement as per salary drawn and service period as set out in rules of each fund.

Contributions to the plans by the Jaguar Land Rover subsidiaries take into consideration the results of actuarial valuations. The plans with a surplus position at the year-end have been limited to the maximum economic benefit available from unconditional rights to refund from the scheme or reduction in future contributions. Where the subsidiary group is considered to have a contractual obligation to fund the pension plan above the accounting value of the liabilities, an onerous obligation is recognised. A separate defined contribution plan is available to employees of Jaguar Land Rover. Costs in respect of this plan are charged to the statement of Profit and Loss as incurred.

#### ii) Gratuity

Tata Motors Limited and its subsidiaries and joint operations in India 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

# Notes Forming Part of Consolidated Financial Statements

to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Tata Motors Limited and such subsidiaries make annual contributions to gratuity funds established as trusts or insurance companies. Tata Motors Limited and its subsidiaries in India account for the liability for gratuity benefits payable in the future based on an actuarial valuation.

### iii) Superannuation

Tata Motors Limited and some of its subsidiaries in India have two superannuation plans, a defined benefit plan and a defined contribution plan. An eligible employee as 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 and such subsidiaries account for superannuation benefits payable in future under the plan based on an actuarial valuation.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. Employees covered by this plan are prospectively entitled to benefits computed on a basis that ensures that the annual cost of providing the pension benefits would not exceed 15% of salary. During the year ended March 31, 2015, the employees covered by this plan were given a one-time option to exit from the plan prospectively. Furthermore, the employees who opted for exit were given one-time option to withdraw accumulated balances from the superannuation plan. Separate irrevocable trusts are maintained for employees covered and entitled to benefits. Tata Motors Limited and its subsidiaries contribute up to 15% or ₹ 150,000, whichever is lower, of the eligible employees' salary to the trust every year. Such contributions are recognised as an expense when incurred. Tata Motors Limited and such subsidiaries have no further obligation beyond this contribution.

### iv) Bhavishya Kalyan Yojana (BKY)

Bhavishya Kalyan Yojana is an unfunded defined benefit plan for employees of Tata Motors Limited and some of its subsidiaries. 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 and these subsidiaries account for the liability for BKY benefits payable in the future based on an actuarial valuation.

### v) Provident fund and family pension

In accordance with Indian law, eligible employees of Tata Motors Limited and some of its subsidiaries and 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 and its subsidiaries or to respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The embedded interest rate guarantee is considered to be defined benefit. The liability in respect of the short fall of interest earnings of the Fund is determined on the basis of an actuarial valuation. There is no shortfall as at March 31, 2019.

### vi) Severance indemnity

Tata Daewoo Commercial Vehicle Company Limited, or TDCV, a subsidiary company incorporated in Korea; has an obligation towards severance indemnity, a defined benefit retirement plan, covering eligible employees. The plan provides for a lump sum payment to all employees with more than one year of employment equivalent to 30 days' salary payable for each completed year of service.



## Notes Forming Part of Consolidated Financial Statements

### vii) Post-retirement medicare scheme

Under this unfunded scheme, employees of Tata Motors Limited and some of its subsidiaries 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 and such subsidiaries account for the liability for post-retirement medical scheme based on an actuarial valuation.

### viii) Compensated absences

Tata Motors Limited and some of its subsidiaries and joint operations provide for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an actuarial valuation.

### ix) Remeasurement gains and losses

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

### x) Measurement date

The measurement date of retirement plans is March 31.

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

### t. Dividends

Any dividend declared by Tata Motors Limited 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 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 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, 2019 (₹ Nil as at March 31, 2018).

### u. Segments

The Company primarily operates in the automotive segment. The automotive segment comprises of four reportable sub-segments i.e. Tata Commercial Vehicles, Tata Passenger Vehicles, Jaguar Land Rover and Vehicle Financing. Other operating segments do not meet the quantitative thresholds for disclosure and have been aggregated.

### v. Financial instruments

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets other than equity instruments are classified into categories: financial assets at fair value through profit or loss and at amortised cost. Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. Financial instruments are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments

# Notes Forming Part of Consolidated Financial Statements

are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

**Financial assets at amortised cost:** Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently, these are measured at amortised cost using the effective interest method less any impairment losses.

**Equity investments at fair value through other comprehensive income:** These include financial assets that are equity instruments and are designated as such upon initial recognition irrevocably. Subsequently, these are measured at fair value and changes therein, are recognised directly in other comprehensive income, net of applicable deferred income taxes. Dividends from these equity investments are recognised in the statement of Profit and Loss when the right to receive payment has been established. When the equity investment is derecognised, the cumulative gain or loss in equity is transferred to retained earnings.

**Financial assets at fair value through profit 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 and liabilities at fair value through profit or loss are immediately recognised in profit or loss. Derivatives, unless they are designated as hedging instruments, for which hedge accounting is applied, financial assets which have contractual cash flows which are not in the nature of solely principal and interest payments (like hybrid instruments having embedded derivatives) are classified into this category. These are measured at fair value with changes in fair value recognised in the statement of Profit and Loss.

**Equity instruments:** An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of

its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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

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

## ii) **Determination of fair value**

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received).

Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

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

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

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

## Notes Forming Part of Consolidated Financial Statements

### iv) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on a financial asset that is at amortised cost. Loss allowance in respect of financial assets other than finance receivables 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. Loss allowance for finance receivables is measured at an amount equal to twelve month expected losses if credit risk on such assets has not increased significantly since initial recognition. An allowance equal to life time expected losses is provided if credit risk has increased significantly from the date of initial recognition. Credit risk is determined to have increased significantly when a finance receivable contract becomes sixty/ninety days past due. Such impairment loss is recognised in the statement of Profit and Loss. If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is recognised in the statement of Profit and Loss.

### v) Hedge accounting

The Company uses foreign currency forward and option contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates these forward and option contracts in a cash flow hedging relationship by applying the hedge accounting principles. These forward and option contracts are stated at fair value at each reporting date. Changes in the fair value of these forward and option contracts that are designated and effective as hedges of future cash flows are recognised in other comprehensive income (net of tax) and the ineffective portion is recognised immediately in the consolidated statement of Profit and Loss. Amounts accumulated in equity are reclassified to the consolidated statement of Profit and Loss in the periods in which the forecasted transaction occurs. For forwards and options, forward premium and the time value are not considered part of the hedge.

These are treated as cost of hedge and the changes in fair value attributable to time value is recognised in the other comprehensive

income along with the changes in fair value determined to be effective portion of the hedge. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is immediately transferred to the consolidated statement of Profit and Loss for the year.

### w. Recent accounting pronouncements

- i) New accounting pronouncements adopted by the Company during the current financial year

#### Ind AS 115 – Revenue from Contracts with Customers

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most revenue recognition guidance, including industry-specific guidance applicable for previous periods. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which company expects to be entitled to exchange for those goods or services. The new standard also requires entities to give enhanced disclosures about revenue and provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Company adopted Ind AS 115 effective from April 1, 2018, with a modified retrospective approach. The figures for the comparative periods are not restated. There is no significant impact on Company's profit after tax as a result of adoption of Ind AS 115.

There is a change in the basis of measurement of revenue for certain contracts in which performance obligation is satisfied over a period of time and revenue is measured as a percentage to the work completed. For such contracts, revenue is measured in accordance with Ind AS 115, when the Company has satisfied

# Notes Forming Part of Consolidated Financial Statements

a performance obligation by transferring the promised good or service (i.e. an asset) to the customer i.e. when the customer obtains control of the asset and establishes an unconditional right to receive the consideration. There is impact of **₹41.80 crores** to the opening retained earnings on account of this change in measurement.

The Company makes transport arrangements for delivering its vehicles to the dealers. In accordance with the principles of Ind AS 115, the Company has determined itself to be acting as agent under these arrangements. Freight costs which were previously recognised as costs are netted off from revenue in accordance with the guidance under Ind AS 115.

Certain pay-outs made to dealers such as infrastructure support payments are treated as variable components of consideration and therefore in accordance with Ind AS 115, are recognised as revenue deductions. These costs were previously reported as other expenses.

These changes in presentation in the income statement resulted in decrease in both revenues and expenses by **₹3,809.03 crores** for the year ended March 31, 2019.

Adoption of the standard has given rise to new financial statement categories in the statement of financial position, being "contract assets" and "contract liabilities." These items arise through advance payment received from customers or advance delivery of goods and services in excess of or ahead of billing at the contract level. In addition, disclosure requirements are extended.

Incentives received from Government are included under other income, which were previously presented under other operating income under revenue from operations.

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

The amendment effective April 1, 2018, clarifies on the accounting of transaction that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments

or receipts in advance, a date of transaction is established for each payment or receipt. There is no impact in the consolidated financial statements on adoption of this amendment.

## **ii) New accounting standards not yet adopted Ind AS 116 Leases**

In March 2019, MCA issued Ind AS 116 - Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous standard on leasing, Ind AS 17 -Leases. Ind AS 116, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. Ind AS 116 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by Ind AS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognise assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognise depreciation of leased assets separately from interest on lease liabilities in the Statement of Profit and Loss. As Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently.

The Company will be adopting Ind AS 116 with a modified retrospective approach with effect from April 1, 2019. The cumulative effect of initially applying this Standard will be recorded as an adjustment to the opening balance of retained earnings. Figures for comparative periods will not be restated.

The Company will use the exemption option available for existing leases and apply the available exemptions regarding the recognition of short term leases and low value leasing assets. Basis assessment, the Company arrangements under operating leases, which are currently off Balance sheet, will be recorded as right to use assets and the future obligations in respect of such leases will be recorded as a liability in the Balance sheet as at April 1, 2019. The Company

## Notes Forming Part of Consolidated Financial Statements

will use following practical expedients of Ind AS 116 at the date of initial application:

1. With leases previously classified as operating leases according to Ind AS 17, the lease liability will be measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at April 1, 2019. The respective right-of-use asset is generally recognised at an amount equal to the lease liability;
2. An impairment review is not performed for right of use assets. Instead, right-of-use asset is adjusted by the amount of any provision for onerous leases recognised in the Balance sheet.
3. Regardless of their original lease term, leases for which the lease term ends latest on March 31, 2020, are recognised as short-term leases;
4. At the date of initial application, the measurement of a right-to-use asset excludes the initial direct costs; and
5. Hindsight is considered when determining the lease term if the contract contains options to extend or terminate the leases.

### Amendments issued by MCA to existing standards

MCA issued following amendments to certain standards which will be effective from financial year beginning April 1, 2019.

#### i) Amendments to Ind AS 109, Financial Instruments: Prepayment of loans

The amendments notified in Ind AS 109 pertain to classification of a financial instruments with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. Earlier, there was no guidance on classification of such instruments.

According to the amendments, these types of instruments can be classified as measured at amortised cost, or measured at fair value through

profit or loss, or measured at fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied. Similarly, the holder may classify them either measured at fair value through profit or loss or measured at amortised cost in accordance with conditions of Ind AS 109.

#### ii) Amendments to Ind AS 12, Income Taxes - Deferred taxes on Dividends and uncertain tax treatment

An entity is required to create a corresponding liability for payment of Dividend Distribution Tax (DDT) when it recognises a liability to pay a dividend. The liability for DDT shall be recorded in statement of Profit and Loss, other comprehensive income or equity, as the case may be. Currently, the Company is recognising dividend distribution tax on dividends paid to shareholders in the statement of changes in equity, as per the amendment, the Company will recognise dividend distribution tax on dividend distributed to shareholders as income tax expense in its statement of Profit and Loss.

Another amendment relates to tax consequence of an item whose tax treatment is uncertain. Tax treatment of an item is considered as uncertain when there is uncertainty whether the relevant taxation authority will accept the tax treatment of that item or not. For example, if an entity has not included a particular income in taxable profit, it will be considered as uncertain tax treatment if its acceptability by taxation authority is uncertain. The amendment has been brought by introducing a new Appendix C to Ind AS 12.

If there is uncertainty over tax treatment of an item:

1. An entity should determine an approach or method that predicts the resolution of the uncertainty. Based on the approach, the entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.
2. It shall assess whether it is probable that the taxation authority will accept the uncertain tax treatment, assuming that the authority has full right to examine the treatment and has full knowledge of all related information.



# Notes Forming Part of Consolidated Financial Statements

3. If it is probable that the taxation authority will accept the tax treatment, there will be no impact on the amount of taxable profits/losses, tax bases, unused tax losses/credits and tax rates. In vice-versa case, the entity shall show the effect of the uncertainty for each uncertain tax treatment on amount of related aforesaid items by using either the most likely outcome or the expected outcome of the uncertainty.

**iii) Amendment to Ind AS 19, Employee Benefits: Changes in Employee benefit plan**

When a change to a plan by way of either an amendment, curtailment or settlement takes place, Ind AS 19 requires a company to remeasure its net defined benefit liability or asset.

The amendments to Ind AS 19 require a company to use the updated assumptions from this remeasurement to determine current service

cost and net interest for the remainder of the reporting period after the change to the plan. Until now, Ind AS 19 did not specify how to determine these expenses for the period after the change to the plan.

**iv) Amendments to Ind AS 28, Investments in Associates and Joint Ventures**

Ind AS 109 excludes interest in associates and joint ventures that are accounted for in accordance with Ind AS 28, Investments in Associates and Joint Ventures from its scope. This amendment to Ind AS 28 clarifies that Ind AS 109 should be applied to financial instruments, including long-term interests in associates and joint venture, that, in substance, form part of an entity's net investment in associate or joint venture, to which the equity method is not applied.

The Company is evaluating impact of above amendments issued by MCA to existing accounting standards.

# Notes Forming Part of Consolidated Financial Statements

(x) The following subsidiary companies are considered in the consolidated financial statements:

Sr No.	Name of the Subsidiary company	Country of incorporation	% of holding either directly or through subsidiaries	
			As at March 31, 2019	As at March 31, 2018
<b>Direct Subsidiaries</b>				
1	TAL Manufacturing Solutions Limited (ceased to be subsidiary w.e.f. March 29, 2019)	India	-	100
2	Concorde Motors (India) Limited	India	100	100
3	Tata Motors Insurance Broking & Advisory Services Limited	India	100	100
4	Tata Motors European Technical Centre PLC	UK	100	100
5	Tata Technologies Limited	India	72.28	72.29
6	TMF Holdings Limited (formerly known as Tata Motors Finance Limited)	India	100	100
7	Tata Marcopolo Motors Limited	India	51	51
8	TML Holdings Pte. Limited	Singapore	100	100
9	TML Distribution Company Limited	India	100	100
10	Tata Hispano Motors Carrocera S.A.	Spain	100	100
11	Tata Hispano Motors Carrocerries Maghreb SA	Morocco	100	100
12	Trilix S.r.l. (Shareholding increased from 80% to 100% w.e.f. Decemember 6, 2018)	Italy	100	80
13	Tata Precision Industries Pte. Limited	Singapore	78.39	78.39
<b>Indirect subsidiaries *</b>				
14	Tata Daewoo Commercial Vehicle Company Limited	South Korea	100	100
15	Tata Daewoo Commercial Vehicle Sales and Distribution Company Limited	South Korea	100	100
16	Tata Motors (Thailand) Limited	Thailand	95.87	95.49
17	Tata Motors (SA) (Proprietary) Limited	South Africa	60	60
18	PT Tata Motors Indonesia	Indonesia	100	100
19	Tata Technologies (Thailand) Limited	Thailand	72.28	72.29
20	Tata Technologies Pte Limited	Singapore	72.28	72.29
21	INCAT International Plc.	UK	72.28	72.29
22	Tata Technologies Europe Limited	UK	72.28	72.29
23	Escenda Engineering AB	UK	72.28	72.29
24	INCAT GmbH.	Germany	72.28	72.29
25	Tata Technologies Inc.	USA	72.34	72.35
26	Tata Technologies de Mexico, S.A. de C.V.	Mexico	72.34	72.35
27	Cambric Limited	USA	72.31	72.32
28	Cambric GmbH	Germany	72.34	72.35
29	Tata Technologies SRL Romania	Romania	72.31	72.32

# Notes Forming Part of Consolidated Financial Statements

Sr No.	Name of the Subsidiary company	Country of incorporation	% of holding either directly or through subsidiaries	
			As at March 31, 2019	As at March 31, 2018
30	Tata Manufacturing Technologies (Shanghai) Limited	China	72.28	72.29
31	Jaguar Land Rover Automotive Plc	UK	100	100
32	Jaguar Land Rover Limited	UK	100	100
33	Jaguar Land Rover Austria GmbH	Austria	100	100
34	Jaguar Land Rover Belux NV	Belgium	100	100
35	Jaguar Land Rover Japan Limited	Japan	100	100
36	Jaguar Cars South Africa (Pty) Limited	South Africa	100	100
37	JLR Nominee Company Limited	UK	100	100
38	The Daimler Motor Company Limited	UK	100	100
39	Daimler Transport Vehicles Limited	UK	100	100
40	S.S. Cars Limited	UK	100	100
41	The Lanchester Motor Company Limited	UK	100	100
42	Jaguar Land Rover Deutschland GmbH	Germany	100	100
43	Jaguar Land Rover Classic Deutschland GmbH (Incorporated w.e.f. August 10, 2018)	Germany	100	-
44	Jaguar Land Rover Holdings Limited	UK	100	100
45	Jaguar Land Rover North America LLC	USA	100	100
46	Land Rover Ireland Limited	Ireland	100	100
47	Jaguar Land Rover Nederland BV	Netherlands	100	100
48	Jaguar Land Rover Portugal - Veiculos e Pecas, Lda.	Portugal	100	100
49	Jaguar Land Rover Australia Pty Limited	Australia	100	100
50	Jaguar Land Rover Italia Spa	Italy	100	100
51	Jaguar Land Rover Espana SL	Spain	100	100
52	Jaguar Land Rover Korea Company Limited	South Korea	100	100
53	Jaguar Land Rover (China) Investment Co. Limited	China	100	100
54	Jaguar Land Rover Canada ULC	Canada	100	100
55	Jaguar Land Rover France, SAS	France	100	100
56	Jaguar Land Rover (South Africa) (pty) Limited	South Africa	100	100
57	Jaguar e Land Rover Brasil industria e Comercio de Veiculos LTDA	Brazil	100	100
58	Limited Liability Company "Jaguar Land Rover" (Russia)	Russia	100	100
59	Jaguar Land Rover (South Africa) Holdings Limited	UK	100	100
60	Jaguar Land Rover India Limited	India	100	100
61	Jaguar Cars Limited	UK	100	100
62	Land Rover Exports Limited	UK	100	100

## Notes Forming Part of Consolidated Financial Statements

Sr No.	Name of the Subsidiary company	Country of incorporation	% of holding either directly or through subsidiaries	
			As at March 31, 2019	As at March 31, 2018
63	Jaguar Land Rover Pension Trustees Limited	UK	100	100
64	Jaguar Racing Limited	UK	100	100
65	InMotion Ventures Limited	UK	100	100
66	InMotion Ventures 1 Limited	UK	100	100
67	InMotion Ventures 2 Limited	UK	100	100
68	InMotion Ventures 3 Limited	UK	100	100
69	InMotion Ventures 4 Limited (Incorporated w.e.f January 4, 2019)	UK	100	-
70	Shanghai Jaguar Land Rover Automotive Services Company Limited	China	100	100
71	Jaguar Land Rover Slovakia S.R.O	Slovakia	100	100
72	Jaguar Land Rover Singapore Pte. Ltd	Singapore	100	100
73	Jaguar Land Rover Columbia S.A.S	Columbia	100	100
74	PT Tata Motors Distribusi Indonesia	Indonesia	100	100
75	Tata Motors Finance Solutions Limited	India	100	100
76	Tata Motors Finance Limited (formerly known as Sheba Properties Limited)	India	100	100
77	TMNL Motor Services Nigeria Limited	Nigeria	100	100
78	Jaguar Land Rover Ireland (Services) Limited	Ireland	100	100
79	Spark44 (JV) Limited	UK	50.50	50.50
80	Spark44 Pty. Ltd.	Australia	50.50	50.50
81	Spark44 GMBH	Germany	50.50	50.50
82	Spark44 LLC	USA	50.50	50.50
83	Spark44 (Shanghai) Limited	China	50.50	50.50
84	Spark44 DMCC	UAE	50.50	50.50
85	Spark44 Demand Creation Partners Limited	India	50.50	50.50
86	Spark44 Limited (London & Birmingham)	UK	50.50	50.50
87	Spark44 Pte Ltd	Singapore	50.50	50.50
88	Spark44 Communication SL	Spain	50.50	50.50
89	Spark44 SRL	Italy	50.50	50.50
90	Spark44 Limited (Seoul Ltd)	Korea	50.50	50.50
91	Spark44 Japan KK	Japan	50.50	50.50
92	Spark44 Canada Inc	Canada	50.50	50.50
93	Spark44 South Africa (Pty) Limited	South Africa	50.50	50.50
94	Spark44 Colombia S.A.S. (Incorporated w.e.f. May 10, 2018)	Columbia	50.50	-

# Notes Forming Part of Consolidated Financial Statements

Sr No.	Name of the Subsidiary company	Country of incorporation	% of holding either directly or through subsidiaries	
			As at March 31, 2019	As at March 31, 2018
95	Spark44 Taiwan Limited (Incorporated w.e.f. May 7, 2018)	Taiwan	50.50	-
96	Jaguar Land Rover Taiwan Company Limited	Taiwan	100	100
97	Jaguar Land Rover Servicios Mexico,S.A. de C.V.	Mexico	100	100
98	Jaguar Land Rover Mexico,S.A.P.I. de C.V.	Mexico	100	100
99	Jaguar Land Rover Hungary KFT (Incorporated w.e.f. July 30, 2018)	Hungary	100	-
100	Jaguar Land Rover Classic USA LLC (Incorporated w.e.f. June 1, 2018)	USA	100	-

\* Effective holding % of the Company directly and through its subsidiaries.

The following Jointly controlled companies are considered in the consolidated financial statements:

Sr No.	Name of the Subsidiary company	Country of incorporation	% of holding either directly or through subsidiaries	
			As at March 31, 2019	As at March 31, 2018
<b>Joint Operations</b>				
1	Fiat India Automobiles Private Limited	India	50	50
2	Tata Cummins Private Limited	India	50	50
<b>Joint Ventures</b>				
3	Tata HAL Technologies Limited **	India	36.14	36.16
4	Chery Jaguar Land Rover Automotive Company Limited	China	50	50
5	JT Special Vehicles Pvt. Limited	India	50	50

\*\* Effective holding % of the Company as it is a Joint Venture of Tata Technologies Ltd

The following associates companies are considered in the consolidated financial statements:

Sr No.	Name of the Subsidiary company	Country of incorporation	% of holding either directly or through subsidiaries	
			As at March 31, 2019	As at March 31, 2018
1	Automobile Corporation of Goa Limited	India	47.19	47.19
2	Nita Company Limited	Bangladesh	40.00	40.00
3	Tata Hitachi Construction Machinery Company Private Limited	India	39.99	39.99
4	Tata Precision Industries (India) Limited	India	39.19	39.19
5	Tata AutoComp Systems Limited	India	26.00	26.00
6	Jaguar Cars Finance Limited	UK	49.90	49.90
7	Cloud Car Inc	USA	26.30	26.30
8	Synaptiv Limited	UK	37.50	33.33
9	DriveClubService Pte. Ltd.	Singapore	25.07	25.07
10	Loginomic Tech Solutions Private Limited ("TruckEasy") (Acquired stake w.e.f. July 10, 2018)	India	26.00	-



# Notes Forming Part of Consolidated Financial Statements

## 3. Property, plant and equipment

	(₹ in crores)															
	Owned assets				Given on lease				Taken on lease				Total			
	Land	Buildings	Plant and Furniture and equipment fixtures	Vehicles	Computers	Heritage Assets	Land	Buildings	Plant and equipment	Vehicles	Buildings	Plant and equipment		Computers and fixtures		
<b>Cost as at April 1, 2018</b>	7,338.59	16,492.94	100,067.26	1,425.29	353.12	1,943.15	354.68	23.24	33.41	5.16	31.23	59.09	158.84	4.31	186.15	128,476.46
Additions	-	6,827.03	16,309.96	225.51	75.63	537.45	24.38	-	0.49	-	33.88	8.15	38.11	-	-	24,080.59
Currency translation differences	(47.36)	(474.78)	(1,628.70)	(19.90)	(0.64)	(29.94)	(4.92)	(0.38)	(0.62)	-	-	(0.41)	(5.24)	-	-	(2,212.89)
Reversal of assets classified as Held for sale	-	27.11	45.55	36.89	3.88	156.82	-	-	-	-	-	-	36.78	0.63	-	307.66
Disposal	(4.97)	(31.43)	(5,571.00)	(46.37)	(44.68)	(272.38)	(1.37)	-	-	-	(2.36)	(6.23)	-	-	-	(5,980.79)
<b>Cost as at March 31, 2019</b>	<b>7,286.26</b>	<b>22,840.87</b>	<b>109,223.07</b>	<b>1,621.42</b>	<b>387.31</b>	<b>2,335.10</b>	<b>372.77</b>	<b>22.86</b>	<b>33.28</b>	<b>5.16</b>	<b>62.75</b>	<b>97.38</b>	<b>192.34</b>	<b>4.31</b>	<b>186.15</b>	<b>144,671.03</b>
<b>Accumulated depreciation/impairment as at April 1, 2018</b>	-	3,299.91	49,073.11	718.35	179.83	1,058.69	-	-	0.93	4.12	6.06	20.99	71.06	1.51	174.06	54,608.62
Depreciation for the year	-	908.24	10,815.73	125.50	64.55	247.97	-	-	2.66	-	3.04	9.08	16.28	0.86	6.51	12,200.42
Writeoff/impairment of assets	-	-	10,515.08	144.34	6.05	234.82	161.69	-	-	-	-	-	56.72	-	-	11,118.70
Currency translation differences	-	(49.09)	(445.69)	(7.02)	(0.03)	(6.76)	-	-	(0.01)	-	-	0.29	(0.23)	-	-	(508.54)
Reversal of assets classified as Held for sale	-	12.11	13.12	16.70	2.18	101.50	-	-	-	-	-	13.93	0.60	-	-	160.14
Disposal	-	(22.91)	(5,192.52)	(39.05)	(38.15)	(232.20)	-	-	-	-	(1.13)	(2.21)	-	-	-	(5,528.17)
<b>Accumulated depreciation/impairment as at March 31, 2019</b>	<b>7,286.26</b>	<b>4,148.26</b>	<b>64,778.83</b>	<b>958.82</b>	<b>214.43</b>	<b>1,404.02</b>	<b>161.69</b>	<b>-</b>	<b>3.58</b>	<b>4.12</b>	<b>7.97</b>	<b>42.08</b>	<b>144.43</b>	<b>2.37</b>	<b>180.57</b>	<b>72,051.17</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>7,286.26</b>	<b>18,692.61</b>	<b>44,444.24</b>	<b>662.60</b>	<b>172.88</b>	<b>931.08</b>	<b>211.08</b>	<b>22.86</b>	<b>29.70</b>	<b>1.04</b>	<b>54.78</b>	<b>55.30</b>	<b>47.91</b>	<b>1.94</b>	<b>5.58</b>	<b>72,619.86</b>
<b>Cost as at April 1, 2017</b>	6,761.98	12,014.30	79,560.14	1,218.13	290.95	1,766.77	423.35	20.11	29.46	8.95	8.14	149.57	416.15	4.31	178.87	102,851.18
Additions	294.61	3,155.56	15,698.18	146.43	109.02	263.54	-	0.72	-	-	25.00	8.50	3.52	-	7.28	19,712.36
Asset acquired in Business Combination	-	2.06	0.22	42.73	-	13.12	-	-	-	-	-	0.10	-	-	-	58.23
Assets classified as held for sale	-	(27.11)	(366.90)	(40.73)	(3.88)	(160.69)	-	-	-	-	-	(100.20)	(0.63)	-	-	(700.14)
Currency translation differences	282.00	1,355.91	8,374.91	121.91	11.47	143.85	50.00	2.41	3.98	-	-	2.68	39.67	-	-	10,388.79
Write off of assets	-	-	(536.82)	-	-	-	(110.06)	-	-	-	-	-	-	-	-	(646.88)
Disposal	-	(7.78)	(2,662.47)	(63.18)	(54.44)	(83.44)	(8.61)	-	(0.03)	(3.79)	1.91	(1.56)	(299.87)	-	-	(3,187.08)
<b>Cost as at March 31, 2018</b>	<b>7,338.59</b>	<b>16,492.94</b>	<b>100,067.26</b>	<b>1,425.29</b>	<b>353.12</b>	<b>1,943.15</b>	<b>354.68</b>	<b>23.24</b>	<b>33.41</b>	<b>5.16</b>	<b>31.23</b>	<b>59.09</b>	<b>158.84</b>	<b>4.31</b>	<b>186.15</b>	<b>128,476.46</b>
<b>Accumulated depreciations as at April 1, 2017</b>	<b>-</b>	<b>2,445.47</b>	<b>38,476.07</b>	<b>600.90</b>	<b>179.59</b>	<b>1,003.48</b>	<b>-</b>	<b>-</b>	<b>0.73</b>	<b>3.08</b>	<b>3.66</b>	<b>35.59</b>	<b>344.04</b>	<b>0.65</b>	<b>163.36</b>	<b>43,256.62</b>
Depreciation for the year	-	652.15	9,838.20	133.52	44.68	176.24	-	-	0.13	1.32	3.70	5.60	7.24	0.86	10.70	10,874.34
Write off of assets	-	-	(389.08)	-	-	-	-	-	-	-	-	-	-	-	-	(389.08)
Assets classified as held for sale	-	(13.07)	(115.43)	(13.36)	(2.58)	(95.56)	-	-	-	-	-	(20.98)	(0.60)	-	-	(261.58)
Currency translation differences	-	218.14	3,718.80	54.38	6.19	51.96	-	-	0.07	-	-	0.78	20.25	-	-	4,070.57
Disposal	-	(2.78)	(2,455.45)	(57.09)	(48.05)	(77.43)	-	-	-	(0.28)	(1.30)	-	(299.87)	-	-	(2,942.25)
<b>Accumulated depreciation as at March 31, 2018</b>	<b>-</b>	<b>3,299.91</b>	<b>49,073.11</b>	<b>718.35</b>	<b>179.83</b>	<b>1,058.69</b>	<b>-</b>	<b>-</b>	<b>0.93</b>	<b>4.12</b>	<b>6.06</b>	<b>20.99</b>	<b>71.06</b>	<b>1.51</b>	<b>174.06</b>	<b>54,608.62</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>7,338.59</b>	<b>13,193.03</b>	<b>50,994.15</b>	<b>706.94</b>	<b>173.29</b>	<b>884.46</b>	<b>354.68</b>	<b>23.24</b>	<b>32.48</b>	<b>1.04</b>	<b>25.17</b>	<b>38.10</b>	<b>87.78</b>	<b>2.80</b>	<b>12.09</b>	<b>73,867.84</b>

# Notes Forming Part of Consolidated 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, 2019			As at March 31, 2018		
	Operating	Finance		Operating	Finance	
	Minimum Lease Payments	Minimum Lease Payments	Present value of minimum lease payments	Minimum Lease Payments	Minimum Lease Payments	Present value of minimum lease payments
Not later than one year	1,099.41	33.00	29.59	880.80	25.39	22.23
Later than one year but not later than five years	2,626.12	97.09	79.12	2,152.78	28.25	22.19
Later than five years	2,496.83	249.25	64.76	2,334.29	38.06	24.56
<b>Total minimum lease commitments</b>	<b>6,222.36</b>	<b>379.34</b>	<b>173.47</b>	<b>5,367.87</b>	<b>91.70</b>	<b>68.98</b>
Less: future finance charges		(205.87)			(22.72)	
<b>Present value of minimum lease payments</b>		<b>173.47</b>			<b>68.98</b>	
<b>Included in the financial statements as:</b>						
Other financial liabilities - current (refer note 28)			17.30			22.23
Long-term borrowings (refer note 25)			156.17			46.75
			<b>173.47</b>			<b>68.98</b>

Total operating lease rent expenses were ₹1,077.42 crores and ₹1,022.39 crores for the years ended March 31, 2019 and 2018, respectively.

## 5. Goodwill

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Balance at the beginning	116.45	673.32
Impairment	(8.11)	-
Classified as held for sale	-	(557.91)
Reversal of held for sale	639.92	-
Currency translation differences	(0.39)	1.04
<b>Balance at the end</b>	<b>747.87</b>	<b>116.45</b>

As at March 31, 2019, goodwill of ₹107.95 crores and ₹639.92 crores relates to the passenger vehicles - automotive and related activity segment (Tata and other brand vehicles) and "others" segment, respectively. As at March 31, 2018, goodwill of ₹108.10 crores and ₹8.35 crores relates to the passenger vehicles - automotive and related activity segment (Tata and other brand vehicles) and Jaguar Land Rover Segment, respectively.

As at March 31, 2019, goodwill of ₹639.92 crores has been allocated to software consultancy and service cash generating unit. The recoverable amount of the cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

As at March 31, 2019, the estimated cash flows for a period of 5 years were developed using internal forecasts, and a pre-tax discount rate of 12.72%. The cash flows beyond 5 years have been extrapolated assuming 2% growth rates. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

# Notes Forming Part of Consolidated Financial Statements

## 6. (a) Other intangible assets

(₹ in crores)

	Software	Patents and technological know how	Customer related	Intellectual property rights and other intangibles	Indefinite life trade marks and patents	Product development	Total
<b>Cost as at April 1, 2018</b>	6,301.52	1,522.12	561.28	327.10	5,706.31	70,197.81	84,616.14
Additions	844.69	2.18	-	44.59	-	12,053.59	12,945.05
Fully amortised not in use	(434.51)	(38.20)	-	(8.28)	-	(8,651.82)	(9,132.81)
Reversal of Assets classified as Held for sale	248.83	1.75	48.69	-	-	-	299.27
Currency translation differences	(192.36)	(28.35)	(11.96)	(8.45)	(109.70)	(1,278.75)	(1,629.57)
<b>Cost as at March 31, 2019</b>	<b>6,768.17</b>	<b>1,459.50</b>	<b>598.01</b>	<b>354.96</b>	<b>5,596.61</b>	<b>72,320.83</b>	<b>87,098.08</b>
<b>Accumulated amortisation/impairment as at April 1, 2018</b>	<b>3,235.38</b>	<b>1,383.86</b>	<b>273.12</b>	<b>98.12</b>	<b>-</b>	<b>32,196.09</b>	<b>37,186.57</b>
Amortisation for the year	1,043.48	76.83	29.35	39.57	-	10,200.98	11,390.21
Write off/Impairment of assets	669.40	-	61.73	47.40	1,316.88	8,092.86	10,188.27
Reversal of Assets classified as Held for sale	170.63	0.48	11.00	-	-	-	182.11
Asset fully amortised not in use	(434.51)	(38.20)	-	(8.28)	-	(8,651.82)	(9,132.81)
Currency translation differences	(53.93)	(25.76)	(5.23)	(2.32)	14.11	(509.89)	(583.02)
<b>Accumulated amortisation/impairment as at March 31, 2019</b>	<b>4,630.45</b>	<b>1,397.21</b>	<b>369.97</b>	<b>174.49</b>	<b>1,330.99</b>	<b>41,328.22</b>	<b>49,231.33</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>2,137.72</b>	<b>62.29</b>	<b>228.03</b>	<b>180.47</b>	<b>4,265.62</b>	<b>30,992.61</b>	<b>37,866.74</b>
Cost as at April 1, 2017	5,212.84	1,313.68	516.61	194.99	5,003.50	47,746.09	59,987.71
Additions	847.20	42.75	22.31	61.53	-	16,464.77	17,438.56
Asset acquired in Business Combination	12.62	-	-	33.59	-	-	46.21
Assets classified as held for sale	(248.83)	(1.68)	(48.69)	-	-	-	(299.20)
Currency translation differences	694.31	167.37	71.05	36.99	702.81	7,217.99	8,890.52
Write off assets	-	-	-	-	-	-	-
Fully amortised not in use	(216.62)	-	-	-	-	(1,231.04)	(1,447.66)
<b>Cost as at March 31, 2018</b>	<b>6,301.52</b>	<b>1,522.12</b>	<b>561.28</b>	<b>327.10</b>	<b>5,706.31</b>	<b>70,197.81</b>	<b>84,616.14</b>
<b>Accumulated amortisation as at April 1, 2017</b>	<b>2,214.78</b>	<b>1,096.05</b>	<b>225.43</b>	<b>39.62</b>	<b>-</b>	<b>20,735.63</b>	<b>24,311.51</b>
Amortisation for the year	997.26	135.07	26.09	53.67	-	9,467.16	10,679.25
Assets Held for Sale	(170.05)	(0.64)	(10.96)	-	-	-	(181.65)
Fully amortised not in use	(216.62)	-	-	-	-	(1,231.04)	(1,447.66)
Currency translation differences	297.30	153.38	32.56	4.83	-	3,224.34	3,712.41
Write off assets	112.71	-	-	-	-	-	112.71
<b>Accumulated amortisation as at March 31, 2018</b>	<b>3,235.38</b>	<b>1,383.86</b>	<b>273.12</b>	<b>98.12</b>	<b>-</b>	<b>32,196.09</b>	<b>37,186.57</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>3,066.14</b>	<b>138.26</b>	<b>288.16</b>	<b>228.98</b>	<b>5,706.31</b>	<b>38,001.72</b>	<b>47,429.57</b>

# Notes Forming Part of Consolidated Financial Statements

## 6. (b) Intangible assets under development

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning	23,890.56	23,512.01
Additions	18,235.26	16,877.22
Transferred to cost of other intangible assets	(12,898.28)	(17,286.12)
Transferred to Held for Sale	-	(190.10)
Reversal of Held for Sale	12.54	-
Write off/impairment	(5,386.48)	(1,596.26)
Currency translation impact	(507.93)	2,573.81
<b>Balance at the end</b>	<b>23,345.67</b>	<b>23,890.56</b>

- (c) The useful life of trademarks and brands in respect of the acquired Jaguar Land Rover businesses have been determined to be indefinite as the Company expects to generate future economic benefits indefinitely from these assets.
- (d) During the year ended March 31, 2014, legislation was enacted that allows United Kingdom (UK) companies to elect for the Research and Development Expenditure Credit (RDEC) on qualifying expenditures incurred since April 1, 2013, instead of the existing super-deduction rules. As a result of this election by the Company's subsidiary in the UK, ₹835.06 crores and ₹871.75 crores, for the year ended March 31, 2019 and 2018, respectively, the proportion relating to capitalised product development expenditure, have been off set against intangibles under development.

## Notes Forming Part of Consolidated Financial Statements

### 7. Impairment of Jaguar Land Rover Business

The Company is of the view that the operations of its subsidiary Jaguar Land Rover (JLR) represent a single cash-generating unit ('CGU'). Management performed an impairment assessment as at March 31, 2019. The recoverable value was determined by Value in Use ('VIU'), which was marginally higher than the Fair Value less Cost of Disposal ('FVLCD') of the relevant assets of the CGU. The recoverable amount was lower than the carrying value of the CGU and this resulted in an impairment charge of **₹27,837.91 crores** recognised within 'Exceptional items' as at March 31, 2019.

The approach and key (unobservable) assumptions used to determine the CGU's VIU were as follows:

	As at March 31, 2019	As at March 31, 2018
Growth rate applied beyond approved forecast period	1.90%	2.00%
Pre-tax discount rate	11.80%	8.70%

The Company has considered it appropriate to undertake the impairment assessment with reference to the latest business plan which includes a 5 year cash flow forecast. The growth rates used in the value in use calculation reflect those inherent within the JLR's business plan, which is primarily a function of the JLR's cycle plan assumptions, past performance and management's expectation of future market developments through to 2023/24. The future cash flows consider potential risks given the current economic environment and key assumptions, such as volume forecasts and margins. The Company has assessed the potential impacts of changes, if any, in tax and treaty arrangements globally, including proposed exit of the United Kingdom from European Union (Brexit) and the US Tariffs. The potential impact of reasonably possible outcomes of these events has been included in the VIU calculations.

The cash flows for the year 2023/24 are extrapolated into perpetuity assuming a growth rate as stated above which is set with reference to weighted-average GDP growth of the countries in which JLR operates.

The impairment loss of **₹27,837.91 crores** has been allocated initially against goodwill of **₹8.11 crores** and thereafter the residual amount has been allocated on a pro-rated basis as follows:

	(₹ in crores)
	As at March 31, 2019
Property, plant and equipment	10,857.01
Capital work-in-progress	1,656.08
Goodwill	8.11
Other intangible assets	10,187.34
Intangible assets under development	5,129.37
<b>Total</b>	<b>27,837.91</b>

#### Sensitivity to key assumptions

The change in the following assumptions used in the impairment review would, in isolation, lead to an increase to the aggregate impairment loss recognised as at March 31, 2019 (although it should be noted that these sensitivities do not take account of potential mitigating actions):

	(₹ in crores)
	As at March 31, 2019
Increase in discount rate by 1%	10,082.87
Decrease in long-term growth rate applied beyond approved forecast period by 0.5%	4,371.66
Decrease in projected volume by 5%	38,892.37
Decrease in projected gross margin by 1%	18,898.60



# Notes Forming Part of Consolidated Financial Statements

## 8. Investments in equity accounted investees:

### (a) Associates:

The Company has no material associates as at March 31, 2019. The aggregate summarised financial information in respect of the Company's immaterial associates that are accounted for using the equity method is set forth below.

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Carrying amount of the Company's interest in associates	1,039.34	933.34

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Company's share of profit/(loss) in associates*	111.06	118.30
Company's share of other comprehensive income in associates	8.32	(1.90)
Company's share of total comprehensive income in associates	119.38	116.40

- (i) Fair value of investment in an equity accounted associate for which published price quotation is available, which is a level 1 input, was ₹**169.69 crores** and ₹338.04 crores as at March 31, 2019 and 2018, respectively. The carrying amount as at March 31, 2019 and 2018 was ₹**138.70 crores** and ₹141.48 crores, respectively.
- (ii) During the year ended March 31, 2019, the Group purchased 26% of the share capital of Loginomic Tech Solutions Pvt. Limited for ₹2.66 crores. The investment is accounted for as equity accounted investments as the Group has significant influence.

### (b) Joint ventures:

#### (i) Details of the Company's material joint venture is as follows:

Name of joint venture	Principal activity	Principal place of the business	% holding	
			As at March 31, 2019	As at March 31, 2018
Chery Jaguar Land Rover Automotive Co. Limited (Chery)	Manufacture and assembly of vehicles	China	50%	50%

Chery is a limited liability company, whose legal form confers separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint venture have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Chery is classified as a joint venture. The summarised financial information in respect of Chery that is accounted for using the equity method is set forth below.

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Current assets	6,770.19	8,231.79
Non-current assets	13,024.47	12,218.49
Current liabilities	(9,992.36)	(9,929.83)
Non-current liabilities	(1,104.24)	(1,418.41)

## Notes Forming Part of Consolidated Financial Statements

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	2,860.13	4,046.68
Current financial liabilities (excluding trade and other payables and provisions)	(2,516.19)	(388.52)
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,104.23)	(1,399.96)
Share of net assets of material joint venture	4,349.03	4,551.02
Other consolidation adjustments	(53.49)	(101.62)
<b>Carrying amount of the Company's interest in joint venture</b>	<b>4,295.54</b>	<b>4,449.40</b>

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Revenue	15,571.50	23,787.61
Net income/(loss)	111.95	4,338.13
Other comprehensive income	-	121.79
<b>Total comprehensive income for the year</b>	<b>111.95</b>	<b>4,459.92</b>
The above net income includes the following:		
Depreciation and amortisation	1,885.76	1,194.78
Interest income	(109.20)	(229.87)
Interest expense (net)	126.63	60.90
income tax expense/(credit)	57.81	1,163.05

Reconciliation of above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Net assets of the joint venture	8,698.06	9,102.04
Proportion of the Company's interest in joint venture	4,349.03	4,551.02
Other consolidation adjustments	(53.49)	(101.62)
<b>Carrying amount of the Company's interest in joint venture</b>	<b>4,295.54</b>	<b>4,449.40</b>

During the year ended March 31, 2019, a dividend of GBP 21.69 Million (₹199.03 crores) was received by a subsidiary in UK from Chery Jaguar Land Rover Automotive Co. Ltd. (2018 : GBP 206.46 Million, ₹1,764.49 crores)

- (ii) **The aggregate summarised financial information in respect of the Company's immaterial joint ventures that are accounted for using the equity method is set forth below.**

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Carrying amount of the Company's interest in joint ventures	-	2.50

# Notes Forming Part of Consolidated Financial Statements

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Company's share of profit/(loss) in immaterial joint ventures*	(2.50)	16.25
Company's share of other comprehensive income in immaterial joint ventures	-	-
Company's share of total comprehensive income in immaterial joint ventures	(2.50)	16.25

**(c) Summary of carrying amount of the Company's interest in equity accounted investees:**

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Carrying amount in immaterial associates	447.84	435.99
Carrying amount in immaterial associates (held for sale)	591.50	497.35
Carrying amount in material joint venture	4,295.54	4,449.40
Carrying amount in immaterial joint ventures	-	2.50
<b>Total</b>	<b>5,334.88</b>	<b>5,385.24</b>
Current (held for sale)	591.50	497.35
Non current	4,743.38	4,887.89
<b>Total</b>	<b>5,334.88</b>	<b>5,385.24</b>

**(d) Summary of Company's share of profit/(loss) in equity accounted investees:**

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Share of profit/(loss) in immaterial associates	111.06	118.30
Share of profit/(loss) in material joint venture	55.98	2,169.07
Share of profit/(loss) on other adjustments in material joint venture	44.96	(25.36)
Share of profit/(loss) in immaterial joint ventures	(2.50)	16.25
	<b>209.50</b>	<b>2,278.26</b>

**(e) Summary of Company's share of other comprehensive income in equity accounted investees:**

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Share of other comprehensive income in immaterial associates	11.15	(10.96)
Currency translation differences-immaterial associates	(2.83)	9.06
Currency translation differences-material joint venture	(55.78)	420.35
	<b>(47.46)</b>	<b>418.45</b>

\* Company's share of profit/(loss) of the equity accounted investees has been determined after giving effect for the subsequent amortisation/depreciation and other adjustments arising on account of fair value adjustments made to the identifiable net assets of the equity accounted investee as at the date of acquisition and other adjustment arising under the equity method of accounting.

# Notes Forming Part of Consolidated Financial Statements

## 9. Other Investments - non-current

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
<b>(a) Investments - measured at Fair value through Other Comprehensive Income</b>		
<b>Quoted:</b>		
Equity shares	303.39	36.64
<b>Unquoted:</b>		
Equity shares	437.90	371.26
<b>Total</b>	<b>741.29</b>	<b>407.90</b>
<b>(b) Investments - measured at Fair value through profit or loss</b>		
<b>Quoted:</b>		
(i) Equity shares (refer note below)	423.14	-
(ii) Mutual funds	28.84	-
<b>Unquoted:</b>		
(i) Non-cumulative redeemable preference shares	5.40	0.40
(ii) Cumulative redeemable preference shares	2.50	2.50
(iii) Equity shares (refer note below)	124.28	246.82
(iv) Convertible debentures	149.08	85.40
(v) Others	19.10	16.86
<b>Total</b>	<b>752.34</b>	<b>351.98</b>
<b>(c) Investments - measured at amortised cost</b>		
<b>Unquoted:</b>		
Non-convertible debentures	3.88	3.88
<b>Total</b>	<b>3.88</b>	<b>3.88</b>
<b>Total (a+b+c)</b>	<b>1,497.51</b>	<b>763.76</b>
Aggregate book value of quoted investments	726.53	36.64
Aggregate market value of quoted investments	726.53	36.64
Aggregate book value of unquoted investments	770.98	727.12

**Note:**

During the year ended March 31, 2019, the Company's investments in Lyft Incorporated got listed in NASDAQ stock exchange. The carrying value of these equity shares are ₹423.14 crores and ₹204.70 crores as at March 31, 2019 and 2018, respectively.

# Notes Forming Part of Consolidated Financial Statements

## 10. Other Investments - current

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
<b>(a) Investments - measured at Fair value through Other Comprehensive Income</b>		
<b>Quoted:</b>		
Equity Shares	0.92	303.28
<b>(b) Investments - measured at Fair value through profit and loss</b>		
<b>Unquoted:</b>		
Mutual funds	1,191.90	1,601.00
<b>Total</b>	<b>1,191.90</b>	<b>1,601.00</b>
<b>(c) Investments - measured at amortised cost</b>		
<b>Unquoted:</b>		
Mutual funds	7,745.51	12,759.47
<b>Total</b>	<b>7,745.51</b>	<b>12,759.47</b>
<b>Total (a+b+c)</b>	<b>8,938.33</b>	<b>14,663.75</b>
Aggregate book value of unquoted investments	8,937.41	14,360.47
Aggregate book value of quoted investments	0.92	303.28
Aggregate market value of quoted investments	0.92	303.28



# Notes Forming Part of Consolidated Financial Statements

## 11. Loans and advances

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
<b>Non-current</b>		
Secured, considered good:		
(a) Loans to channel partners (Net of allowances for credit impaired balances ₹Nil and ₹7.30 crores as at March 31, 2019 and 2018, respectively).	180.49	237.03
Unsecured, considered good:		
(a) Loans to employees	26.29	28.06
(b) Loan to joint arrangements	3.75	-
(c) Others (Net of allowances for credit impaired balances ₹8.46 crores and ₹41.68 crores as at March 31, 2019 and 2018, respectively.)	196.89	230.32
<b>Total</b>	<b>407.42</b>	<b>495.41</b>
<b>Current</b>		
Secured, considered good:		
(a) Loans to channel partners	74.06	18.84
Unsecured, considered good:		
(a) Advances to supplier, contractors etc. (Net of allowances for credit impaired balances ₹179.86 crores and ₹165.10 crores as at March 31, 2019 and 2018, respectively)	1,177.87	1,431.98
(b) Loans to channel partners (Net of allowances for credit impaired balances ₹9.90 crores and ₹Nil as at March 31, 2019 and 2018, respectively.)	14.46	-
(c) Inter corporate deposits	2.31	0.32
<b>Total</b>	<b>1,268.70</b>	<b>1,451.14</b>

# Notes Forming Part of Consolidated Financial Statements

## 12. Other Financial Assets

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
<b>Non-current</b>		
(a) Derivative financial instruments	911.14	2,846.90
(b) Interest accrued on loans and deposits	9.03	2.60
(c) Restricted deposits	75.11	69.06
(d) Margin money / cash collateral with banks	329.07	104.80
(e) Government grant receivables	508.08	467.14
(f) Recoverable from suppliers	968.23	1,072.19
(g) Other deposits	8.52	1.18
<b>Total</b>	<b>2,809.18</b>	<b>4,563.87</b>

Margin money with banks in restricted cash deposits consists of collateral provided for transfer of finance receivables. Restricted deposits as at March 31, 2019 and 2018 includes ₹45.26 crores and ₹50.76 crores, respectively, held as a deposit in relation to ongoing legal cases.

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
<b>Current</b>		
(a) Derivative financial instruments	1,235.54	2,476.13
(b) Interest accrued on loans and deposits	17.37	3.89
(c) Government grant receivable	500.31	411.39
(d) Deposit with financial institutions	500.00	-
(e) Recoverable from suppliers	959.05	966.23
(f) Lease receivables	1.29	-
<b>Total</b>	<b>3,213.56</b>	<b>3,857.64</b>

# Notes Forming Part of Consolidated Financial Statements

## 13. Inventories\*

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Raw materials and components	2,328.44	3,019.28
(b) Work-in-progress	3,891.76	4,043.17
(c) Finished goods	31,512.70	33,875.53
(d) Stores and spare parts	201.38	208.72
(e) Consumable tools	500.23	375.56
(f) Goods-in-transit - Raw materials and components	579.22	615.37
<b>Total</b>	<b>39,013.73</b>	<b>42,137.63</b>

### Note:

- (i) Inventories of finished goods include ₹**4,380.71 crores** and ₹4,023.61 crores as at March 31, 2019 and 2018 respectively, relating to vehicles sold subject to repurchase arrangements.
- (ii) Cost of inventories (including cost of purchased products) recognised as expense during the year ended March 31, 2019 and 2018 amounted to ₹**228,342.42 crores** and ₹217,338.62 crores, respectively.
- (iii) During the year ended March 31, 2019 and 2018, the Company recorded inventory write-down expense of ₹**608.63 crores** and ₹607.42 crores, respectively.

\* Excludes ₹95.80 crores classified as held for sale as at March 31, 2018.

## 14. Trade receivables (Unsecured)\*

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Receivables considered good	18,996.17	19,893.30
Credit impaired receivables	970.10	1,261.67
	19,966.27	21,154.97
Less : Allowance for credit impaired receivables	(970.10)	(1,261.67)
<b>Total</b>	<b>18,996.17</b>	<b>19,893.30</b>

\* Excludes ₹524.58 crores classified as held for sale as at March 31, 2018.

## 15. Cash and cash equivalents

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Cash on hand	29.21	31.42
(b) Cheques on hand	385.60	399.44
(c) Balances with banks	7,885.13	8,907.19
(d) Deposit with banks	13,259.86	5,378.70
	<b>21,559.80</b>	<b>14,716.75</b>

# Notes Forming Part of Consolidated Financial Statements

## 16. Bank Balances

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
With upto 12 months maturity:		
(a) Earmarked balances with banks (refer note below)	365.23	493.87
(b) Margin money / cash collateral with banks	149.58	41.71
(c) Bank deposits	10,574.21	19,361.58
<b>Total</b>	<b>11,089.02</b>	<b>19,897.16</b>

### Note:

Earmarked balances with bank includes ₹250.93 crores and ₹248.60 crores as at March 31, 2019 and 2018, respectively held as security in relation to interest and repayment of bank borrowings. Out of these deposits, ₹94.27 crores and ₹85.09 crores as at March 31, 2019 and 2018, respectively are pledged till the maturity of the respective borrowings.

## 17. Finance Receivables

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Finance receivables	34,457.74	25,070.75
Less: allowance for credit losses	(833.05)	(1,189.57)
<b>Total</b>	<b>33,624.69</b>	<b>23,881.18</b>
Current portion	11,551.52	8,401.65
Non-current portion	22,073.17	15,479.53
<b>Total</b>	<b>33,624.69</b>	<b>23,881.18</b>

### Changes in the allowance for credit losses in finance receivables are as follows:

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning	1,189.57	3,597.51
Allowances made during the year	320.24	43.30
Written off	(676.76)	(2,451.24)
<b>Balance at the end</b>	<b>833.05</b>	<b>1,189.57</b>

# Notes Forming Part of Consolidated Financial Statements

## 18. Allowance for trade and other receivables

Change in the allowances for trade and other receivables are as follows:

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning	1,477.62	1,517.03
Assets classified as held for sale	-	(13.05)
Allowances made during the year	214.19	14.57
Written off	(397.44)	(45.49)
Foreign exchange translation differences	(35.33)	4.56
Reversal of Assets classified as held for sale	13.05	-
<b>Balance at the end</b>	<b>1,272.09</b>	<b>1,477.62</b>

## 19. Other non-current assets \*

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
(a) Capital advances	385.88	284.53
(b) Taxes recoverable, statutory deposits and dues from government (Net of allowances for credit impaired balances ₹1.84 crores and ₹Nil as at March 31, 2019 and 2018, respectively.)	1,081.90	1,049.63
(c) Prepaid rentals on operating leases	362.57	381.72
(d) Prepaid expenses	768.42	762.59
(e) Recoverable from insurance companies	318.80	185.99
(f) Others	21.16	16.79
<b>Total</b>	<b>2,938.73</b>	<b>2,681.25</b>

\* Excludes ₹83.56 crores classified as held for sale as at March 31, 2018.

## 20. Other Current Assets \*

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
(a) Advances and other receivables (Net of allowances for credit impaired balances ₹43.87 crores and ₹Nil as at March 31, 2019 and 2018, respectively.)	434.07	364.02
(b) GST/VAT, other Taxes recoverable, statutory deposits and dues from government (Net of allowances for credit impaired balances ₹58.06 crores and ₹1.86 crores as at March 31, 2019 and 2018, respectively.)	5,071.95	5,674.80
(c) Prepaid expenses	1,210.68	1,440.35
(d) Recoverable from insurance companies	35.75	26.97
(e) Others	109.77	156.23
<b>Total</b>	<b>6,862.22</b>	<b>7,662.37</b>

\* Excludes ₹33.75 crores classified as held for sale as at March 31, 2018.

# Notes Forming Part of Consolidated Financial Statements

## 21. Income taxes

The domestic and foreign components of profit/(loss) before income tax is as follows:

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>Profit/(loss) before income taxes</b>		
India	2,641.69	(963.60)
Other than India	(34,012.84)	12,118.63
<b>Total</b>	<b>(31,371.15)</b>	<b>11,155.03</b>

The domestic and foreign components of income tax expense is as follows:

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>Current taxes</b>		
India	503.43	242.00
Other than India	1,721.80	3,061.46
<b>Deferred taxes</b>		
India	(323.75)	48.49
Other than India	(4,338.93)	989.98
<b>Total income tax expense</b>	<b>(2,437.45)</b>	<b>4,341.93</b>

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

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>Profit/(Loss) before tax</b>	(31,371.15)	11,155.03
Income tax expense at tax rates applicable to individual entities	(5,390.45)	2,248.91
Additional deduction for patent, research and product development cost	(189.12)	(409.98)
Items (net) not deductible for tax/not liable to tax :		
- foreign currency (gain)/loss relating to loans and deposits (net)	(8.28)	133.62
- interest and other expenses relating to borrowings for investment	62.16	33.78
- Dividend from subsidiaries, joint operations, equity accounted investees and other investments	(1.55)	(5.01)
Undistributed earnings of subsidiaries, joint operations and equity accounted investees	127.78	917.01
Deferred tax assets not recognised because realisation is not probable	473.87	990.23
Previously recognised deferred tax assets written down on account of impairment of Jaguar Land Rover business	2,698.15	-
Utilisation/credit of unrecognised tax losses, unabsorbed depreciation and other tax benefits	(701.64)	(358.33)
Impact of change in statutory tax rates	454.04	539.26
Profit on sale of investments-subsidiaries and Others	(93.20)	-
Others	130.79	252.44
<b>Income tax expense reported</b>	<b>(2,437.45)</b>	<b>4,341.93</b>

The UK Finance Act 2016 was enacted during the year ended March 31, 2017 which included provisions for a reduction in the UK Corporation tax rate to 17% with effect from April 1, 2020. Accordingly, UK deferred tax has been provided at rates applicable when the temporary difference is expected to reverse.

Included within 'Impact of change in statutory tax rates' is a charge of ₹464.84 crores for the impact of the change in the US Federal rate from 35% to 21% on deferred tax assets for the year ended March 31, 2018.

# Notes Forming Part of Consolidated Financial Statements

Significant components of deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

	Opening balance	Adjustment on initial application of IFRS 15	Adjusted Opening Balance	Reversal of items classified as held for Sale in earlier year	Recognised in profit or loss	Recognised in/reclassified from other comprehensive income	MAT Credit Utilised	Divestment of a subsidiary company	Closing balance
<b>Deferred tax assets:</b>									(₹ in crores)
Unabsorbed depreciation	2,564.73	-	2,564.73	2.43	(16.12)	(0.01)	-	12.44	2,563.47
Business loss carry forwards	4,961.49	8.45	4,969.94	-	(1,925.59)	(72.39)	-	-	2,971.96
Expenses deductible in future years:									
- provisions, allowances for doubtful receivables and others	3,021.39	-	3,021.39	2.12	391.11	0.22	-	2.45	3,417.29
Compensated absences and retirement benefits	842.63	-	842.63	13.24	3.27	385.85	-	1.30	1,246.29
Minimum alternate tax carry-forward	38.19	-	38.19	3.78	81.78	-	(1.58)	(15.55)	106.62
Property, plant and equipment	92.65	-	92.65	-	4,825.89	10.82	-	-	4,929.36
Derivative financial instruments	755.25	-	755.25	0.39	(2.24)	471.92	-	-	1,225.32
Unrealised profit on Inventory	1,507.92	-	1,507.92	-	(381.15)	15.10	-	-	1,141.87
Others	1,140.24	-	1,140.24	1.52	168.14	(51.85)	-	0.82	1,258.87
<b>Total deferred tax assets</b>	<b>14,924.49</b>	<b>8.45</b>	<b>14,932.94</b>	<b>23.48</b>	<b>3,145.09</b>	<b>759.66</b>	<b>(1.58)</b>	<b>1.46</b>	<b>18,861.05</b>
<b>Deferred tax liabilities:</b>									
Property, plant and equipment	2,740.07	-	2,740.07	5.60	(114.26)	(11.97)	-	7.21	2,626.65
Intangible assets	12,183.85	-	12,183.85	(2.74)	(1,242.05)	(188.11)	-	-	10,750.95
Undistributed earnings in subsidiaries, joint operations and equity accounted investees	1,939.72	-	1,939.72	-	(233.04)*	(17.46)	-	-	1,689.22
Fair valuation of retained interest in a subsidiary subsequent to disposal of controlling equity interest	16.95	-	16.95	-	-	-	-	-	16.95
Others	11.00	-	11.00	12.10	71.76	22.35	-	-	117.21
<b>Total deferred tax liabilities</b>	<b>16,891.59</b>	<b>-</b>	<b>16,891.59</b>	<b>14.96</b>	<b>(1,517.59)</b>	<b>(195.19)</b>	<b>-</b>	<b>7.21</b>	<b>15,200.98</b>
<b>Net assets/(liabilities)</b>	<b>(1,967.10)</b>	<b>8.45</b>	<b>(1,958.65)</b>	<b>8.52</b>	<b>4,662.68</b>	<b>954.85</b>	<b>(1.58)</b>	<b>(5.75)</b>	<b>3,660.07</b>
Deferred tax assets									₹ 5,151.11
Deferred tax liabilities									₹ 1,491.04

\* Net off ₹360.82 crores reversed on dividend distribution by subsidiaries.



# Notes Forming Part of Consolidated Financial Statements

As at March 31, 2019, unrecognised deferred tax assets amount to ₹5,393.93 crores and ₹5,605.09 crores, which can be carried forward indefinitely and up to a specified period, respectively. These relate primarily to depreciation carry forwards, other deductible temporary differences and business losses. The deferred tax asset has not been recognised on the basis that its recovery is not probable in the foreseeable future.

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

March 31,	(₹ in crores)
2020	52.50
2021	56.10
2022	69.94
2023	885.95
2024	716.14
Thereafter	3,824.46

The Company has not recognised deferred tax liability on undistributed profits of certain subsidiaries amounting to ₹44,551.06 crores and ₹74,589.17 crores as at March 31, 2019 and 2018 respectively, because it is able to control the timing of the reversal of temporary differences associated with such undistributed profits and it is probable that such differences will not reverse in the foreseeable future.

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

	(₹ in crores)					
	Opening balance	Recognised in profit or loss	Recognised in/reclassified from other comprehensive income	MAT Credit Utilised	Classified as held for Sale	Closing balance
<b>Deferred tax assets:</b>						
Unabsorbed depreciation	2,574.50	1.86	1.58	-	(13.21)	2,564.73
Business loss carry forwards	3,292.38	1,340.70	328.41	-	-	4,961.49
Expenses deductible in future years:						
- provisions, allowances for doubtful receivables and others	2,828.72	72.85	123.31	-	(3.49)	3,021.39
Compensated absences and retirement benefits	2,172.96	(722.47)	(594.16)	-	(13.70)	842.63
Minimum alternate tax carry-forward	74.92	1.26	-	(34.21)	(3.78)	38.19
Property, plant and equipment	111.90	(30.83)	11.58	-	-	92.65
Derivative financial instruments	4,428.94	(582.98)	(3,090.32)	-	(0.39)	755.25
Unrealised profit on inventory	1,609.40	(303.82)	202.34	-	-	1,507.92
Others	796.44	200.77	152.37	-	(9.34)	1,140.24
<b>Total deferred tax assets</b>	<b>17,890.16</b>	<b>(22.66)</b>	<b>(2,864.89)</b>	<b>(34.21)</b>	<b>(43.91)</b>	<b>14,924.49</b>
<b>Deferred tax liabilities:</b>						
Property, plant and equipment	2,702.20	8.39	45.35	-	(15.87)	2,740.07
Intangible assets	10,484.89	530.51	1,165.71	-	2.74	12,183.85
Undistributed earnings of subsidiaries joint operations and equity accounted investees	1,337.63	508.16*	93.93	-	-	1,939.72
Fair valuation of retained interest in a subsidiary subsequent to disposal of controlling equity interest	16.95	-	-	-	-	16.95
Derivative financial instruments	23.12	(23.12)	-	-	-	-
Others	42.03	(8.12)	(13.29)	-	(9.62)	11.00
<b>Total deferred tax liabilities</b>	<b>14,606.82</b>	<b>1,015.82</b>	<b>1,291.70</b>	<b>-</b>	<b>(22.75)</b>	<b>16,891.59</b>
<b>Net assets/(liabilities)</b>	<b>3,283.34</b>	<b>(1,038.48)</b>	<b>(4,156.59)</b>	<b>(34.21)</b>	<b>(21.17)</b>	<b>(1,967.10)</b>
Deferred tax assets						₹ 4,158.70
Deferred tax liabilities						₹ 6,125.80

\* Net of ₹ 408.85 crores reversed on dividend distributions by subsidiaries.

# Notes Forming Part of Consolidated Financial Statements

## 22. Equity Share Capital

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
<b>(a) Authorised:</b>		
(i) 400,00,00,000 Ordinary shares of ₹2 each (as at March 31, 2018: 400,00,00,000 Ordinary shares of ₹2 each)	800.00	800.00
(ii) 100,00,00,000 'A' Ordinary shares of ₹2 each (as at March 31, 2018: 100,00,00,000 'A' Ordinary shares of ₹2 each)	200.00	200.00
(iii) 30,00,00,000 Convertible Cumulative Preference shares of ₹100 each (as at March 31, 2018: 30,00,00,000 shares of ₹100 each)	3,000.00	3,000.00
<b>Total</b>	<b>4,000.00</b>	<b>4,000.00</b>
<b>(b) Issued [Note (j)]:</b>		
(i) 288,78,43,046 Ordinary shares of ₹2 each (as at March 31, 2018: 288,78,43,046 Ordinary shares of ₹2 each)	577.57	577.57
(ii) 50,87,36,110 'A' Ordinary shares of ₹2 each (as at March 31, 2018: 50,87,36,110 'A' Ordinary shares of ₹2 each)	101.75	101.75
<b>Total</b>	<b>679.32</b>	<b>679.32</b>
<b>(c) Subscribed and called up:</b>		
(i) 288,73,48,694 Ordinary shares of ₹2 each (as at March 31, 2018: 288,73,48,694 Ordinary shares of ₹2 each)	577.47	577.47
(ii) 50,85,02,371 'A' Ordinary shares of ₹2 each (as at March 31, 2018: 50,85,02,371 'A' Ordinary shares of ₹2 each)	101.70	101.70
	<b>679.17</b>	<b>679.17</b>
<b>(d) Calls unpaid - Ordinary shares</b>	(0.00)*	(0.00)*
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, 2018: 310 Ordinary shares of ₹2 each (₹1 outstanding on each) and 260 Ordinary shares of ₹2 each (₹0.50 outstanding on each))		
<b>(e) Paid-up (c+d):</b>	<b>679.17</b>	<b>679.17</b>
<b>(f) Forfeited - Ordinary shares</b>	<b>0.05</b>	<b>0.05</b>
<b>Total (e + f)</b>	<b>679.22</b>	<b>679.22</b>

# Notes Forming Part of Consolidated Financial Statements

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

	Year ended March 31, 2019		Year ended March 31, 2018	
	(No. of shares)	(₹ in crores)	(No. of shares)	(₹ in crores)
(i) Ordinary shares				
Balance as at April 1	2,887,348,694	577.47	2,887,348,428	577.47
Add: Allotment of shares held in abeyance	-	-	266	0.00*
Balance as at March 31	2,887,348,694	577.47	2,887,348,694	577.47
(ii) 'A' Ordinary shares				
Balance as at April 1	508,502,371	101.70	508,502,291	101.70
Add: Allotment of shares held in abeyance	-	-	80	0.00*
Balance as at March 31	508,502,371	101.70	508,502,371	101.70

(h) The entitlements to **4,94,352** Ordinary shares of ₹2 each (as at March 31, 2018 : 4,94,352 Ordinary shares of ₹2 each) and **2,33,739** 'A' Ordinary shares of ₹2 each (as at March 31, 2018 : 2,33,739 '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.

\* less than ₹50,000/-

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

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

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

### (ii) American Depositary Shares (ADSs) and Global Depositary 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.

## Notes Forming Part of Consolidated Financial Statements

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

	As at March 31, 2019		As at March 31, 2018	
	% Issued Share Capital	No. of Shares	% Issued Share Capital	No. of Shares
<b>(i) Ordinary shares :</b>				
(a) Tata Sons Private Limited	34.69%	1,01,91,56,523	32.72%	96,13,81,852
(b) Life Insurance Corporation of India	5.02%	14,73,73,493	5.08%	14,92,95,627
(c) Citibank N A as Depository	#	32,36,96,360	#	43,70,24,750
<b>(ii) 'A' Ordinary shares :</b>				
(a) ICICI Prudential Balanced Advantage Fund	11.98%	6,09,11,219	9.44%	4,79,98,379
(b) Franklin India Smaller Companies Fund	11.71%	5,95,34,740	8.74%	4,44,31,036
(c) HDFC Large Cap Fund	-	-	5.15%	2,62,02,083
(d) Government of Singapore	6.51%	3,30,82,933	6.78%	3,44,87,840

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

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

- The Company has not issued any shares without payment being received in cash.
- The Company has not issued any bonus shares.
- The Company has not undertaken any buy-back of shares.

## 23. Other components of equity

### (a) The movement of Currency translation reserve is as follows:

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning	4,621.23	(5,300.13)
Exchange differences arising on translating the net assets of foreign operations (net)	(2,010.23)	9,491.95
Net change in translation reserve - equity accounted investees (net)	(58.61)	429.41
Balance at the end	<b>2,552.39</b>	<b>4,621.23</b>

### (b) The movement of Equity instruments held as fair value through other comprehensive income (FVTOCI) is as follows:

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning	22.82	(19.26)
Other Comprehensive income for the year	43.80	42.86
Income tax relating to gain/(loss) recognised on equity investments, where applicable	0.39	-
Profit on sale of equity investments reclassified to retained earnings	(4.93)	(0.78)
Balance at the end	<b>62.08</b>	<b>22.82</b>

# Notes Forming Part of Consolidated Financial Statements

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

	(₹ in crores)	
	<b>Year ended March 31, 2019</b>	<b>Year ended March 31, 2018</b>
Balance at the beginning	(3,626.04)	(17,911.63)
Gain/(loss) recognised on cash flow hedges	(8,485.30)	8,700.95
Income tax relating to gain/(loss) recognised on cash flow hedges	1,606.17	(1,626.88)
(Gain)/loss reclassified to profit or loss	7,077.94	10,328.81
Income tax relating to gain/(loss) reclassified to profit or loss	(1,345.20)	(1,957.86)
Amounts reclassified from hedge reserve to inventory	(1,024.92)	(1,431.40)
Income tax related to amounts reclassified from hedge reserve to inventory	194.73	271.97
<b>Balance at the end</b>	<b>(5,602.62)</b>	<b>(3,626.04)</b>

**(d) The movement of Cost of hedging reserve is as follows:**

	(₹ in crores)	
	<b>Year ended March 31, 2019</b>	<b>Year ended March 31, 2018</b>
Balance at the beginning	143.98	(74.22)
Gain/(loss) recognised on cash flow hedges	(262.32)	267.69
Income tax relating to gain/(loss) recognised on cash flow hedges	51.03	(50.42)
(Gain)/loss reclassified to profit or loss	(18.94)	-
Income tax relating to gain/(loss) reclassified to profit or loss	4.40	-
Amounts removed from hedge reserve and recognised in inventory	13.65	1.15
Income tax related to amounts removed from hedge reserve and recognised in inventory	(2.60)	(0.22)
<b>Balance at the end</b>	<b>(70.80)</b>	<b>143.98</b>

**(e) Summary of Other components of equity:**

	(₹ in crores)	
	<b>Year ended March 31, 2019</b>	<b>Year ended March 31, 2018</b>
Currency translation reserve	2,552.39	4,621.23
Equity instruments held as FVTOCI	62.08	22.82
Hedging reserve	(5,602.62)	(3,626.04)
Cost of hedging reserve	(70.80)	143.98
<b>Total</b>	<b>(3,058.95)</b>	<b>1,161.99</b>

# Notes Forming Part of Consolidated Financial Statements

## 24. Notes to reserves and dividends

### (a) Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities premium account.

### (b) Retained earnings

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

### (c) Capital redemption reserve

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

### (d) Debenture redemption reserve

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

### (e) Reserve for research and human resource development

In terms of Article 9 of the Act on Special Taxation Restriction in Korea, Tata Daewoo Commercial Vehicle Company Limited (TDCV, a subsidiary of Tata Motors Limited) is entitled for deferment of tax in respect of expenditures incurred on product development cost subject to fulfillment of certain conditions, by way of deduction from the taxable income, provided that TDCV appropriates an equivalent amount from "Retained Earnings" to "Reserve for Research and Human Resource Development".

The deferment is for a period of three years and from the fourth year onwards one-third of the reserve is offered to tax and an equal amount is then transferred from the reserve to "Retained earnings available for appropriation".

### (f) Special reserve

The special reserve represents the reserve created by two subsidiaries of Tata Motors Limited pursuant to the Reserve Bank of India Act, 1934 (the "RBI Act") and related regulations applicable to those companies. Under the RBI Act, a non-banking finance company is required to transfer an amount not less than 20% of its net profit to a reserve fund before declaring any dividend. Appropriation from this reserve fund is permitted only for the purposes specified by the RBI.

### (g) Earned surplus reserve

Under the Korean commercial code, TDCV is required to appropriate at least 10% of cash dividend declared each year to a legal reserve until such reserves equal to 50% of capital stock. This reserve may not be utilised for cash dividends, but may only be used to offset against future deficits, if any, or may be transferred to capital stock.

### (h) Hedge Reserve

Effective portion of fair value gain/(loss) on all financial instruments designated in cash flow hedge relationship are accumulated in hedge reserve.

### (i) Cost of hedge reserve

Fair value gain/(loss) attributable to cost of hedge on all financial instruments designated in cash flow hedge relationship are accumulated in cost of hedge reserve.

### (j) Capital Reserve

The capital reserve represents the excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration.

### (k) Dividends

The final dividend is recommended by the Board of Directors and is recorded in the books of accounts upon its approval by the Shareholders.

For the year ended March 31, 2019 and 2018, considering the accumulated 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.

### (l) Share-based payments reserve

Share-based payments reserve represents amount of fair value, as on the date of grant, of unvested options and vested options not exercised till date, that have been recognised as expense in the statement of Profit and Loss till date.

### (m) Reserve for Equity instruments through other comprehensive income

Fair value gain loss arising on equity investment that are designated as held at fair value through Other comprehensive income is included here.

# Notes Forming Part of Consolidated Financial Statements

## 25. Long-term borrowings

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Secured:		
(a) Privately placed Non-Convertible Debentures	1,765.40	2,005.58
(b) Collateralised debt obligations	1,564.91	592.49
(c) Term loans:		
(i) from banks	9,744.57	4,909.55
(ii) other parties	196.93	201.31
(d) Finance lease obligations	156.17	46.75
Unsecured:		
(a) Privately placed Non-Convertible Debentures	7,187.29	8,694.50
(b) Term loans:		
(i) from banks	18,182.90	8,753.12
(ii) other parties	44.07	55.67
(c) Senior notes	31,344.61	35,045.72
(d) Others	786.82	894.81
<b>Total</b>	<b>70,973.67</b>	<b>61,199.50</b>

## 26. Short-term borrowings

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Secured:		
(a) Loans from banks	7,990.00	5,104.30
(b) Loans from other parties	187.87	171.11
Unsecured:		
(a) Loans from banks	946.83	851.89
(b) Inter corporate deposits from associates	73.00	86.00
(c) Commercial paper	10,952.56	10,581.55
<b>Total</b>	<b>20,150.26</b>	<b>16,794.85</b>

### Collaterals

Inventory, trade receivables, finance receivables, other financial assets, property, plant and equipment with a carrying amount of ₹30,885.05 crores and ₹18,196.91 crores are pledged as collateral/security against the borrowing as at March 31, 2019 and 2018, respectively.

### Notes :

#### Nature of Security (on loans including interest accrued thereon) :

#### Long Term Borrowings

##### (A) Non convertible debentures

- (i) Rated, Listed, Secured, 9.95% Coupon, Non-Convertible Debentures amounting to ₹200 crores included within Current maturities of Long-term borrowings in note 28 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.



## Notes Forming Part of Consolidated Financial Statements

- (ii) Privately placed non-convertible debentures amounting to ₹**1,765.40 crores** included within Long-term borrowings in note 25 and ₹**1,956.01 crores** included within Current maturities of long-term borrowings in note 28 are fully secured by :
- (a) First pari passu charge on residential flat of Tata Motors Finance Limited (TMFL) an indirect subsidiary of the Company
  - (b) Pari - passu charge is created in favour of debenture trustee on :
    - All receivables of TMFL arising out of loan and lease transactions,
    - All book debts, trade advances forming part of movable property of TML.
  - (c) Any other security as identified by TMFL and acceptable to the debenture trustee.

### (B) Collateralised debt obligations

Collateralised debt obligation represent amount received against finance receivables securitised/assigned, which does not qualify for derecognition. The repayments are due from financial year ending March 31, 2020 to March 31, 2024.

### (C) Long-term loan from banks/financial institution and Government

- (i) Term loans from banks amounting to ₹**7,877.31 crores** included within long-term borrowings in note 25 and ₹**1,557.81 crores** included within current maturities of long-term borrowings in note 28 are secured by a pari-passu charge in favour of the security trustee on all receivables of TMFL arising out of loan, lease transactions and trade advances, all other book debts, receivables from pass through certificates in which company has invested and such other current assets as may be identified by TMFL from time to time and accepted by the relevant lender/security trustee.
- (ii) Term loans from banks amounting to ₹**1,279.68 crores** included within long-term borrowings in note 25 and ₹**214.59 crores** included within current maturities of long-term borrowings in note 28 are secured by way of a charge created on all receivables of Tata Motors Finance Solutions Limited (TMFSL) arising out of loan, trade advances; and all other book debts, receivables from pass through certificates in which company has invested; and such other current assets as may be identified by TMFSL from time to time and accepted by the relevant lender.
- (iii) Term loan from banks of ₹**587.58 crores** included within Long-term borrowings in note 25 and ₹**88.48 crores** included within Current maturities of Long-term borrowings in note 28 is taken by joint operation Fiat India Automobiles Private Ltd which is due for repayment from June 2019 to May 2023. The loan is secured by first charge over fixed assets procured from its loan/jeep project.
- (iv) The term loan from others of ₹**587.08 crores** (recorded in books at ₹**146.73 crores**) is due for repayment from the quarter ending March 31, 2033 to quarter ending March 31, 2039, 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 free hold 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.
- (v) The term loan from others of ₹**69.34 crores** (recorded in books at ₹**24.70 crores**) is due for repayment from the quarter ending June 30, 2030 to March 31, 2033, along with a simple interest of 0.01% p.a. The loan is secured by bank guarantee for the due performance of the conditions as per the terms of the agreement.
- (vi) The term loan from others of ₹**25.50 crores** included within Long-term borrowings in note 25 and ₹**9.00 crores** included within current maturity of long-term borrowings in note 28 are secured by pari passu first charge on fixed assets of Tata Marcopolo Motors Limited.

### (D) 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.

# Notes Forming Part of Consolidated Financial Statements

## LONG-TERM BORROWINGS: TERMS

### (A) Senior notes (Euro MTF listed debt)

The senior notes of Jaguar Land Rover Automotive Plc (JLR) are listed on the Euro MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the senior notes outstanding are as follows:

(₹ in crores)

Particulars	Currency	Amount (in million)	As at	
			March 31, 2019	March 31, 2018
5.625% Senior Notes due 2023	USD	500	3,446.40	3,248.52
3.875% Senior Notes due 2023	GBP	400	3,600.58	3,666.48
5.000% Senior Notes due 2022	GBP	400	3,596.98	3,659.84
3.500% Senior Notes due 2020	USD	500	3,468.65 *	3,271.36
4.125% Senior Notes due 2018	USD	700	-	4,584.47
4.250% Senior Notes due 2019	USD	500	3,471.30 *	3,273.84
2.750% Senior Notes due 2021	GBP	300	2,703.68	2,750.46
2.200% Senior Notes due 2024	EUR	650	5,036.70	5,211.24
4.500% Senior Notes due 2027	USD	500	3,458.55	3,156.93
4.500% Senior Notes due 2026	USD	500	3,898.95	-
			<b>32,681.79</b>	<b>32,823.13</b>

\* Classified as other current liabilities being maturity before March 31, 2020.

### (B) Senior notes (SGX-ST listed debt)

The senior notes of Tata Motors Limited and TML Holdings Pte Ltd are listed on the SGX-ST market, which is a listed market regulated by the Singapore Stock Exchange.

Details of the tranches of the senior notes outstanding at March 31, 2019 are as follows:

(₹ in crores)

Particulars	Currency	Amount (in million)	As at	
			March 31, 2019	March 31, 2018
5.750% Senior Notes due 2024	USD	250	1,718.73	1,619.43
5.750% Senior Notes due 2021	USD	300	2,079.16	1,948.77
4.625% Senior Notes due 2020	USD	262.532	1,804.88	3,238.86
			<b>5,602.77</b>	<b>6,807.06</b>

(C) Non convertible debentures amounting to ₹8,952.69 crores included within long-term borrowing in note 25 and ₹3,826.69 crores included within current maturities of long term borrowings in note 28 bear interest rate ranging from 7.28% to 11.50% and maturity ranging from April 2019 to March 2029.

### (D) Loan from banks/ financial institutions consists of:

(i) Term loans amounting to ₹12,981.94 crores included within long-term borrowings in note 25 and ₹2,402.28 crores included within current maturities of long term borrowings in note 28 bearing floating interest rate based on marginal cost of funds lending rate (MCLR) of respective bank having maturity ranging from April, 2019 to March 2023.

## Notes Forming Part of Consolidated Financial Statements

- (ii) External commercial borrowings in foreign currencies amounting to **₹2,229.85 crores** included within long-term borrowing in note 25 and **₹82.70 crores** included within current maturities of long term borrowings in note 28 bearing floating interest rate based on LIBOR having maturity ranging from May 2023 to June 2025.
- (iii) Foreign currency term loan amounting to **₹5,908.63 crores** included within long-term borrowing in note 25 bearing floating interest rate that are linked to LIBOR maturity ranging from July 2020 to July 2023.
- (iv) Foreign currency syndicate loan amounting to **₹6,834.37 crores** included within long-term borrowing in note 25 bearing floating interest rate that are linked to LIBOR maturity ranging from October 2022 to January 2025.

### Short Term Borrowings : Terms

- (i) Short-term loan from banks and other parties(financial institutions) consists of cash credit, overdrafts, short term loan, bill discounting amounting to **₹2,511.92 crores** bearing fixed rate of interest ranging from 8.00% to 10.25% and **₹6,610.13 crores** bear floating rate of interest based on MCLR of respective banks and other bench mark rates.
- (ii) Commercial paper are unsecured short term papers issued at discount bearing no coupon interest. The yield on commercial paper issued by the Company ranges from 7.21% to 9.10%.

### 27. Other financial liabilities – non-current

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
(a) Derivative financial instruments	2,662.44	2,450.20
(b) Liability towards employee separation scheme	79.10	85.22
(c) Others	51.17	203.72
<b>Total</b>	<b>2,792.71</b>	<b>2,739.14</b>

### 28. Other financial liabilities – current

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
(a) Current maturities of long-term borrowings	15,051.41	10,956.12
(b) Interest accrued but not due on borrowings	1,059.58	1,095.72
(c) Liability towards vehicles sold under repurchase arrangements	4,243.65	4,423.58
(d) Liability for capital expenditure	7,046.74	8,219.45
(e) Deposits and retention money	407.87	202.29
(f) Derivative financial instruments	4,742.53	6,207.66
(g) Liability towards Investors Education and Protection Fund under Section 125 of the Companies Act, 2013 (IEPF) not due	21.08	22.79
(h) Others	282.79	139.88
<b>Total</b>	<b>32,855.65</b>	<b>31,267.49</b>
<b>Notes:</b>		
<b>Current maturities of long term borrowings consist of :</b>		
(i) Privately placed Non-Convertible Debentures (Secured)	2,156.01	2,524.28
(ii) Privately placed Non-Convertible Debentures (Unsecured)	1,670.68	1,586.43
(iii) Collateralised debt obligation	1,482.42	728.09
(iv) Finance lease obligation	17.30	22.23
(v) Senior Notes	6,939.95	4,584.47
(vi) Term loans from banks and others (Secured)	1,869.88	635.62
(vii) Term loans from banks and others (Unsecured)	615.17	875.00
(viii) Others	300.00	-
<b>Total</b>	<b>15,051.41</b>	<b>10,956.12</b>

# Notes Forming Part of Consolidated Financial Statements

## 29. Provisions

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
<b>Non-current</b>		
(a) Employee benefits obligations	826.35	738.00
(b) Product warranty	10,097.01	9,453.60
(c) Legal and product liability	391.31	219.95
(d) Provision for residual risk	277.62	254.76
(e) Provision for environmental liability	138.12	150.05
(f) Annual maintenance contract	2.90	9.26
(g) Other provisions	121.54	122.82
<b>Total</b>	<b>11,854.85</b>	<b>10,948.44</b>
<b>Current</b>		
(a) Employee benefit obligations	1,107.87	106.64
(b) Product warranty	7,404.25	6,481.50
(c) Legal and product liability	1,395.12	1,099.92
(d) Provision for residual risk	85.12	62.20
(e) Provision for environmental liability	125.47	97.88
(f) Annual maintenance contract	23.95	46.20
(g) Other provisions	54.97	59.16
<b>Total</b>	<b>10,196.75</b>	<b>7,953.50</b>

(₹ in crores)

	Year ended March 31, 2019			
	Product warranty	Legal and product Liability	Provision for residual risk	Provision for environmental liability
Balance at the beginning	15,935.10	1,319.87	316.96	247.93
Adjustment on initial application of Ind AS 115	(137.65)	-	-	-
Provision made during the year *	10,422.26	1,465.48	72.49	100.94
Provision used during the year	(8,608.77)	(985.73)	(23.95)	(79.93)
Impact of discounting	191.25	-	-	-
Impact of foreign exchange translation	(300.93)	(13.19)	(2.76)	(5.35)
<b>Balance at the end</b>	<b>17,501.26</b>	<b>1,786.43</b>	<b>362.74</b>	<b>263.59</b>
Current	7,404.25	1,395.12	85.12	125.47
Non-current	10,097.01	391.31	277.62	138.12

\* Provision made during the year includes estimated recovery from suppliers ₹ (2.96) crores.

# Notes Forming Part of Consolidated Financial Statements

## 30. Other non-current liabilities \*

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
(a) Contract liabilities (refer note below)	4,673.09	4,111.62
(b) Government grants	3,019.48	2,890.14
(c) Employee benefits obligations	6,110.12	4,100.76
(d) Others	119.52	62.67
<b>Total</b>	<b>13,922.21</b>	<b>11,165.19</b>

\* Excludes ₹246.57 crores classified as held for sale as at March 31, 2018.

## 31. Other current liabilities \*

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
(a) Contract liabilities (refer note below)	4,577.38	3,756.27
(b) Government grants	258.89	86.51
(c) Statutory dues (VAT, Excise, Service Tax, GST, Octroi etc)	3,913.94	3,176.86
(d) Others	796.25	614.91
<b>Total</b>	<b>9,546.46</b>	<b>7,634.55</b>

Note:

	(₹ in crores)
	Year ended March 31, 2019
<b>(a) Opening contract liabilities (regrouped on transition to Ind AS 115)</b>	7,867.89
Transition impact of Ind AS 115	276.69
Amount recognised in revenue during the year	(3,578.39)
Amount received in advance during the year	4,958.05
Amount refunded to customers during the year	(217.55)
Liabilities directly associated with assets held for sale	71.77
Currency translation	(127.99)
Closing contract liabilities	<b>9,250.47</b>

Performance obligations in respect of amount received for future maintenance service and extended warranty will be fulfilled over a period of 6 years from year ending March 31, 2020 till March 31, 2025.

	(₹ in crores)
	As at March 31, 2019
<b>(b) Contract liabilities comprise of the following:</b>	
Advances received from customers - current	1,739.61
Deferred revenue - current	2,837.77
Deferred revenue - Non-current	4,673.09
<b>Total contract liabilities</b>	<b>9,250.47</b>

Until the previous year, Advance received from customers and deferred revenue were separately presented which currently as per Ind AS 115 are presented as contract liabilities.

### Government grants include:

- (i) ₹245.93 crores as at March 31, 2019 and ₹187.67 crores as at March 31, 2018 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.
- (ii) ₹2,963.01 crores as at March 31, 2019 (₹2,702.00 crores as at March 31, 2018) relating to Research and Development Expenditure Credit (RDEC) on qualifying expenditure incurred since April 1, 2013.

\* Excludes ₹174.89 crores classified as held for sale as at March 31, 2018.

# Notes Forming Part of Consolidated Financial Statements

## 32. Revenue from Operations

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Sale of products (refer note 1 & 2 below)		
(i) Sale of vehicles	258,566.52	250,891.18
(ii) Sale of spare parts	24,031.89	19,936.23
(iii) Sale of miscellaneous products	10,383.46	12,920.91
Total Sale of products	<b>292,981.87</b>	<b>283,748.32</b>
(b) Sale of services	2,809.17	3,033.90
(c) Finance revenues	3,399.55	2,604.03
	<b>299,190.59</b>	<b>289,386.25</b>
(d) Other operating revenues	2,747.81	2,954.39
<b>Total</b>	<b>301,938.40</b>	<b>292,340.64</b>

**Note:**

- (1) Includes exchange gain/(loss) (net) on hedges reclassified from hedge reserve to statement of Profit and Loss (6,956.21) (10,274.11)
- (2) Consequent to the introduction of Goods and Service Tax (GST) with effect from July 1, 2017, Central Excise, Value Added Tax (VAT), etc have been replaced by GST. In accordance with Ind AS 18/Ind AS 115 on Revenue/Revenue from contracts with customers and Schedule III of the Companies Act, 2013, GST, GST Compensation Cess, etc. are not included in Sale of products for applicable periods. In view of the aforesaid restructuring of indirect taxes, Sale of products for the year ended March 31, 2019 are not comparable with the previous period. Following additional information is being provided to facilitate such comparison:

Previous Period	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Sale of products	292,981.87	283,748.32
(b) Excise duty	-	(1,166.77)
(c) Sale of products (net of excise duty) (a)- (b)	292,981.87	282,581.55

## 33. Other income

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Interest income	786.46	711.81
(b) Dividend income	17.28	15.77
(c) Profit on sale of investments measured at FVTPL	128.61	129.26
(d) Incentives (refer note 1 & 2 below)	1,794.42	3,068.70
(e) MTM on investments measured at FVTPL	238.54	32.05
<b>Total</b>	<b>2,965.31</b>	<b>3,957.59</b>

**Note:**

- (1) Incentives include exports and other incentives of ₹621.38 crores and ₹934.88 crores, for the year ended March 31, 2019 and 2018, respectively and ₹812.61 crores and ₹387.67 crores, for the year ended March 31, 2019 and 2018, respectively received by foreign subsidiaries on Tax credit on qualifying expenditure for research and development.
- (2) Consequent to clarifications published by the Institute of Chartered Accountants of India during the year ended March 31, 2019; various Government Grants (incentives) have been reported as "Other Income". Previously, these were reported as "Other Operating Revenue" in the Statement of Profit and Loss. The change is retrospectively applied by reclassifying the previous year to confirm to current year's presentation and is not considered material to the Company's prior period financials statements.

# Notes Forming Part of Consolidated Financial Statements

## 34. Employee benefits expense

	(₹ in crores)	
	Year ended	Year ended
	March 31, 2019	March 31, 2018
(a) Salaries, wages and bonus	26,508.97	23,686.45
(b) Contribution to provident fund and other funds	2,885.55	3,218.30
(c) Staff welfare expenses	3,849.35	3,395.34
<b>Total</b>	<b>33,243.87</b>	<b>30,300.09</b>

### Share based payments

#### Long Term Incentive Plan

A subsidiary of the Company operates a Long Term Incentive Plan (LTIP) arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant and the share price of Tata Motors Limited at the vesting date. The cash payment is dependent on the performance of the underlying shares of Tata Motors Limited shares over the 3 year vesting period and continued employment at the end of the vesting period. The fair value of the awards is calculated using a Black-Scholes model at the grant date. The fair value is updated at each reporting date as the awards are accounted for as cash-settled plan. The inputs into the model are based on the Tata Motors Limited historic data, the risk-free rate and the weighted average fair value of shares, in the scheme at the reporting date. During the year ended March 31, 2016, the subsidiary company issued its final LTIP based on the share price of Tata Motors Limited. The amount released in relation to the LTIP was ₹9.18 crores and ₹8.55 crores for the years ended March 31, 2019 and 2018, respectively. The Company considers these amounts as not material and accordingly has not provided further disclosures as required by Ind AS 102 "Share -based payment"

During the year ended March 31, 2017, the subsidiary launched a new long-term employment benefit scheme which provides cash payment to certain employees based on subsidiary's performance against long-term business metrics. This new LTIP scheme has been accounted for in accordance with Ind AS 19 "Employee benefits".

#### Employee Stock Options

The Company has allotted share based incentives to certain employees during the year ended March 31, 2019, under Tata Motors Limited Employee Stock Options Scheme 2018, approved by Nomination and Remuneration Committee (NRC).

As per the scheme, the number of shares that will vest is conditional upon certain performance measures determined by NRC. The performance conditions are measured over vesting period of the options granted which ranges from 3 to 5 years. The performance measures under this scheme include growth in sales, earnings and free cash flow. The options granted under this scheme is exercisable by employees till one year from date of its vesting.

The Company has granted 78,12,427 number of options during the year ended March 31, 2019 at an exercise price of ₹345/-. Option granted will vest equally each year starting from 3 years from date of grant up to 5 years from date of grant. Number of shares that will vest range from 0.5 to 1.5 per option granted depending on performance measures.

	(₹ in crores)	
	Year ended	
	March 31, 2019	
Options outstanding at the beginning of the year	-	
Granted during the year	7,812,427	
Forfeited/Expired during the year	-	
Exercised during the year	-	
Outstanding at the end of the year	7,812,427	
Maximum/Minimum number of shares to be issued for outstanding options	11,718,641/	
(conditional on performance measures)	3,906,214	

The Company has estimated fair value of options granted during the year using Black Scholes model. The following assumptions were used for calculation of fair value of options granted during the year ended March 31, 2019.

Assumption factor	Estimates
Risk free rate	7%-8%
Expected life of option	4-6 years
Expected volatility	33%-37%



# Notes Forming Part of Consolidated Financial Statements

## 35. Finance costs

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Interest	5,970.80	4,987.93
Less: Interest capitalised*	(1,512.85)	(1,294.32)
Add: Exchange fluctuation considered as interest cost	38.10	6.19
	<b>4,496.05</b>	<b>3,699.80</b>
(b) Discounting charges	1,262.55	981.99
<b>Total</b>	<b>5,758.60</b>	<b>4,681.79</b>

\* Represents borrowing costs capitalised during the year on qualifying assets (property plant and equipment and product development).  
The weighted average rate for capitalisation of interest relating to general borrowings was approximately **5.45%** and 4.26% for the years ended March 31, 2019 and 2018, respectively.

## 36. Other expenses

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Processing charges	1,634.36	1,339.08
(b) Consumption of stores & spare parts	2,444.15	2,210.56
(c) Power & fuel	1,585.93	1,308.08
(d) Information Technology (IT) related/Computer expenses	2,340.45	2,143.18
(e) Engineering expense	5,275.58	5,278.84
(f) MTM (gain)/loss on commodity derivatives	(84.75)	214.63
(g) Warranty and product liability expenses	11,890.70	7,700.07
(h) Freight, transportation, port charges etc.	7,804.47	10,742.12
(i) Publicity	8,729.63	8,968.59
(j) Allowances for trade and other receivables	214.19	14.57
(k) Allowances for finance receivables	320.24	43.30
(l) Works operation and other expenses (note below)	20,083.17	20,221.19
<b>Total</b>	<b>62,238.12</b>	<b>60,184.21</b>

### Note :

Works operation and other expenses :

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
(i) Auditors' remuneration		
(i) Audit fees	67.78	55.59
(ii) Tax Audit fees	1.07	1.62
(iii) All other fees	1.58	4.72
<b>TOTAL</b>	<b>70.43</b>	<b>61.93</b>

# Notes Forming Part of Consolidated Financial Statements

## 37 Employee benefits

### Defined Benefit Plan

#### *Pension and post retirement medical plans*

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

(₹ in crores)

	Pension benefits		Post retirement medical Benefits	
	2019	2018	2019	2018
<b>Change in defined benefit obligations :</b>				
Defined benefit obligation, beginning of the year	1,024.79	980.76	154.05	183.86
Current service cost	74.63	72.25	8.04	10.20
Interest cost	75.70	68.76	11.51	13.06
Remeasurements (gains) / losses	-			
Actuarial (gains) / losses arising from changes in demographic assumptions	(1.19)	(16.03)	-	(11.40)
Actuarial (gains) / losses arising from changes in financial assumptions	14.19	22.88	8.11	(2.70)
Actuarial (gains) / losses arising from changes in experience adjustments	59.27	10.50	(15.03)	(28.96)
Benefits paid from plan assets	(71.31)	(116.85)	-	-
Benefits paid directly by employer	(5.82)	(5.98)	(9.42)	(10.01)
Past service cost - Plan amendment	0.39	8.50	(1.99)	-
Acquisition/(Divestment)	(2.39)	-	(1.87)	-
<b>Defined benefit obligation, end of the year</b>	<b>1,168.26</b>	<b>1,024.79</b>	<b>153.40</b>	<b>154.05</b>
<b>Change in plan assets:</b>				
Fair value of plan assets, beginning of the year	906.04	841.78	-	-
Acquisition/(Divestment)	(1.25)	-	-	-
Interest income	71.60	63.33	-	-
Remeasurements gains / (losses)	-	-	-	-
Return on plan assets, (excluding amount included in net Interest cost)	2.70	(2.69)	-	-
Employer's contributions	117.26	120.47	-	-
Benefits paid	(71.31)	(116.85)	-	-
<b>Fair value of plan assets, end of the year</b>	<b>1,025.04</b>	<b>906.04</b>	<b>-</b>	<b>-</b>
<b>Amount recognised in the balance sheet consists of:</b>				
Present value of defined benefit obligation	1,168.26	1,024.79	153.40	154.05
Fair value of plan assets	1,025.04	906.04	-	-
<b>Net liability</b>	<b>(143.22)</b>	<b>(118.75)</b>	<b>(153.40)</b>	<b>(154.05)</b>
<b>Amounts in the balance sheet:</b>				
Non-current assets	1.64	1.57	-	-
Non-current liabilities	(144.86)	(106.98)	(153.40)	(142.01)
Liabilities for asset classified as held for sale	-	(13.34)	-	(12.04)
<b>Net liability</b>	<b>(143.22)</b>	<b>(118.75)</b>	<b>(153.40)</b>	<b>(154.05)</b>

# Notes Forming Part of Consolidated Financial Statements

Total amount recognised in other comprehensive income consists of:

(₹ in crores)

	Pension benefits		Post retirement medical benefits	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Remeasurements (gains)/losses	62.91	(6.66)	(45.14)	(38.22)
	<b>62.91</b>	<b>(6.66)</b>	<b>(45.14)</b>	<b>(38.22)</b>

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

(₹ in crores)

	Pension benefits	
	As at March 31, 2019	As at March 31, 2018
Defined benefit obligation	983.70	141.08
Fair value of plan assets	961.23	126.29

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

(₹ in crores)

	Pension benefits	
	As at March 31, 2019	As at March 31, 2018
Defined benefit obligation	62.17	778.18
Fair value of plan assets	63.81	779.75

Information for unfunded plans:

(₹ in crores)

	Pension benefits		Post retirement medical benefits	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Defined benefit obligation	122.39	105.53	153.40	154.05

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

(₹ in crores)

	Pension benefits		Post retirement medical benefits	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Service cost	74.63	72.25	8.04	10.20
Net interest cost/(income)	4.10	5.43	11.51	13.06
Past service cost - Plan amendment	0.39	8.50	(1.99)	-
<b>Net periodic cost</b>	<b>79.12</b>	<b>86.18</b>	<b>17.56</b>	<b>23.26</b>

# Notes Forming Part of Consolidated Financial Statements

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

(₹ in crores)

	Pension benefits		Post retirement medical benefits	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
<b>Remeasurements</b>				
Return on plan assets, (excluding amount included in net Interest expense)	(2.70)	2.69	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	(1.19)	(16.03)	-	(11.40)
Actuarial (gains)/losses arising from changes in financial assumptions	14.19	22.88	8.11	(2.70)
Actuarial (gains)/losses arising from changes in experience adjustments on plan liabilities	59.27	10.50	(15.03)	(28.96)
<b>Total recognised in other comprehensive income</b>	<b>69.57</b>	<b>20.04</b>	<b>(6.92)</b>	<b>(43.06)</b>
<b>Total recognised in statement of operations and other comprehensive income</b>	<b>148.69</b>	<b>106.22</b>	<b>10.64</b>	<b>(19.80)</b>

## 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, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Discount rate	6.75% - 7.70%	7.5% - 8.0%	7.6%	8.0%
Rate of increase in compensation				
level of covered employees	5.75% - 12.0%	5.0% - 12.0%	NA	NA
Increase in health care cost	NA	NA	6.0%	6.0%

## Plan Assets

The fair value of Company's pension plan asset as of March 31, 2019 and 2018 by category are as follows:

	Pension benefits	
	Plan assets as of March 31	
	2019	2018
<b>Asset category:</b>		
Cash and cash equivalents	6.5%	6.0%
Debt instruments (quoted)	66.9%	68.4%
Debt instruments (unquoted)	0.9%	0.3%
Equity instruments (quoted)	2.6%	1.7%
Deposits with Insurance companies	23.1%	23.6%
	<b>100.0%</b>	<b>100.0%</b>

The Company's policy is driven by considerations of maximising 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, 2019 is **14.41 years** (2018 : 14.51 years)

The Company expects to contribute **₹96.67 crores** to the funded pension plans in FY 2019-20.

# Notes Forming Part of Consolidated Financial Statements

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%	<b>Decrease by ₹84.55 crores</b>	<b>Decrease by ₹19.34 crores</b>
	Decrease by 1%	<b>Increase by ₹95.12 crores</b>	<b>Increase by ₹20.62 crores</b>
Salary escalation rate	Increase by 1%	<b>Increase by ₹91.31 crores</b>	<b>Increase by ₹21.66 crores</b>
	Decrease by 1%	<b>Decrease by ₹81.02 crores</b>	<b>Decrease by ₹19.03 crores</b>
Health care cost	Increase by 1%	<b>Increase by ₹19.34 crores</b>	<b>Increase by ₹4.27 crores</b>
	Decrease by 1%	<b>Decrease by ₹16.26 crores</b>	<b>Decrease by ₹3.97 crores</b>

## Severance indemnity plan

Severance indemnity is a funded plan of Tata Daewoo Commercial Vehicles Limited (TDCV), a subsidiary of Tata Motors Limited.

The following table sets out, the amounts recognised in the financial statements for the severance indemnity plan.

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
<b>Change in defined benefit obligation:</b>		
Defined benefit obligation, beginning of the year	425.63	348.26
Service cost	52.52	45.26
Interest cost	11.13	7.90
Remeasurements (gains) / losses		
Actuarial (gains) / losses arising from changes in financial assumptions	36.83	(0.14)
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	(21.34)	14.70
Benefits paid from plan assets	(73.89)	(7.08)
Benefits paid directly by employer	(8.95)	(3.49)
Foreign currency translation	0.40	20.22
<b>Defined benefit obligation, end of the year</b>	<b>422.33</b>	<b>425.63</b>
<b>Change in plan assets:</b>		
Fair value of plan assets, beginning of the year	405.36	324.53
Interest income	10.97	8.15
Remeasurements gain / (loss)		
Return on plan assets, (excluding amount included in net Interest expense)	(5.99)	(5.13)
Employer's contributions	30.92	65.64
Benefits paid	(82.84)	(7.08)
Foreign currency translation	1.65	19.25
<b>Fair value of plan assets, end of the year</b>	<b>360.07</b>	<b>405.36</b>

## Amount recognised in the balance sheet consist of:

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Present value of defined benefit obligation	422.32	425.63
Fair value of plan assets	360.07	405.36
<b>Net liability</b>	<b>(62.25)</b>	<b>(20.27)</b>
Amounts in the balance sheet:		
<b>Non- current liabilities</b>	<b>(62.25)</b>	<b>(20.27)</b>

## Notes Forming Part of Consolidated Financial Statements

Total amount recognised in other comprehensive income for severance indemnity consists of:

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Remeasurements (gains) / losses	(55.64)	(77.12)
	<b>(55.64)</b>	<b>(77.12)</b>

Net severance indemnity cost consist of the following components:

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Service cost	52.52	45.26
Net interest cost	0.16	(0.25)
<b>Net periodic pension cost</b>	<b>52.68</b>	<b>45.01</b>

Other changes in plan assets and benefit obligation recognised in other comprehensive income for severance indemnity plan:

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>Remeasurements (gains) / losses</b>		
Return on plan assets, (excluding amount included in net Interest expense)	5.99	5.13
Actuarial (gains) / losses arising from changes in financial assumptions	36.83	(0.14)
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	(21.34)	14.70
<b>Total recognised in other comprehensive income</b>	<b>21.48</b>	<b>19.69</b>
<b>Total recognised in statement of operations and other comprehensive income</b>	<b>74.16</b>	<b>64.70</b>

The assumptions used in accounting for the Severance indemnity plan is set out below:

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	2.0%	2.8%
Rate of increase in compensation level of covered employees	3.5%	3.5%

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 rate:

Assumption	Change in assumption	Impact on scheme liabilities	Impact on service cost and interest cost
Discount rate	Increase by 1%	<b>Decrease by ₹ 44.01 crores</b>	<b>Decrease by ₹ 12.32 crores</b>
	Decrease by 1%	<b>Increase by ₹ 51.62 crores</b>	<b>Increase by ₹ 13.56 crores</b>
Salary escalation rate	Increase by 1%	<b>Increase by ₹ 50.30 crores</b>	<b>Increase by ₹ 14.86 crores</b>
	Decrease by 1%	<b>Decrease by ₹ 43.82 crores</b>	<b>Decrease by ₹ 12.84 crores</b>

# Notes Forming Part of Consolidated Financial Statements

**Severance indemnity plans asset allocation by category is as follows:**

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Deposit with banks	100%	100%

The weighted average duration of the defined benefit obligation as at March 31, 2019 is **11.01 years** (2018 : 10.65 years)

The Company expects to contribute ₹ **17.91 crores** to the funded severance indemnity plans in FY 2019-20.

## **Jaguar Land Rover Pension plan**

Jaguar Land Rover Ltd UK, have pension arrangements providing employees with defined benefits related to pay and service as set out in the rules of each fund.

The UK defined benefit schemes are administered by a separate fund that is legally separated from the Company. The trustees of the pension schemes are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme is responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of trustees must be composed of representatives of the Company and plan participants in accordance with the plan's regulations.

Through its defined benefit pension plans the Company is exposed to a number of risks, the most significant of which are detailed below :

### **Asset volatility**

The plan liabilities are calculated using a discount rate set with references to corporate bond yields; if plan assets under perform compared to the corporate bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

### **Changes in bond yields**

A decrease in corporate bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

### **Inflation risk**

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against high inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more closely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

### **Life expectancy**

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the UK defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.



## Notes Forming Part of Consolidated Financial Statements

The following table sets out the disclosure pertaining to employee benefits of Jaguar Land Rover Limited

(₹ in crores)

	Pension benefits	
	As at March 31, 2019	As at March 31, 2018
<b>Change in defined benefit obligation:</b>		
Defined benefit obligation, beginning of the year	76,780.04	80,667.69
Service cost	1,449.05	1,856.13
Interest cost	1,981.47	2,058.43
Remeasurements (gains)/losses		
Actuarial (gains)/losses arising from changes in demographic assumptions	(453.31)	(1,799.04)
Actuarial (gains)/losses arising from changes in financial assumptions	4,965.37	(3,017.78)
Actuarial (gains)/losses arising from changes in experience adjustments on plan liabilities	327.69	(848.75)
Past service cost /(credit)	379.90	(3,609.01)
Plan settlement	-	(180.76)
Benefits paid	(5,657.37)	(8,444.13)
Member contributions	13.58	32.48
Foreign currency translation	(1,519.93)	10,064.78
<b>Defined benefit obligation, end of the year</b>	<b>78,266.49</b>	<b>76,780.04</b>
<b>Change in plan assets:</b>		
Fair value of plan assets, beginning of the year	72,737.89	68,845.49
Interest Income	1,904.02	1,866.13
Remeasurements gains/(losses)		
Return on plan assets, (excluding amount included in net Interest expense)	2,362.62	(997.46)
Employer's contributions	2,407.81	2,455.42
Members contributions	13.58	32.48
Plan settlement	-	(174.95)
Benefits paid	(5,657.37)	(8,444.13)
Expenses paid	(118.65)	(77.77)
Foreign currency translation	(1,409.80)	9,232.68
<b>Fair value of plan assets, end of the year</b>	<b>72,240.10</b>	<b>72,737.89</b>

**Amount recognised in the balance sheet consist of:**

(₹ in crores)

	Pension benefits	
	Year ended March 31, 2019	Year ended March 31, 2018
Present value of defined benefit obligation	78,266.49	76,780.04
Fair value of plan Assets	72,240.10	72,737.89
<b>Net liability</b>	<b>(6,026.39)</b>	<b>(4,042.15)</b>

# Notes Forming Part of Consolidated Financial Statements

	(₹ in crores)	
	<b>Pension benefits</b>	
	Year ended	Year ended
	March 31, 2019	March 31, 2018
<b>Amount recognised in the balance sheet consist of:</b>		
Non- current assets	-	-
Non -current liabilities	(6,026.39)	(4,042.15)
<b>Net liability</b>	<b>(6,026.39)</b>	<b>(4,042.15)</b>

## Total amount recognised in other comprehensive income

	(₹ in crores)	
	<b>Pension benefits</b>	
	As at	As at
	March 31, 2019	March 31, 2018
Remeasurements (gains)/losses	827.34	(1,649.79)
	<b>827.34</b>	<b>(1,649.79)</b>

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

	(₹ in crores)	
	<b>Pension benefits</b>	
	As at	As at
	March 31, 2019	March 31, 2018
Current service cost	1,449.05	1,856.13
Past service cost/(credit)	379.90	(3,609.01)
Administrative expenses	118.65	77.77
Plan settlement	-	(5.81)
Net interest cost/(income) (Including onerous obligations)	77.45	192.30
<b>Net periodic pension cost</b>	<b>2,025.05</b>	<b>(1,488.62)</b>

## Amount recognised in other comprehensive income

	(₹ in crores)	
	<b>Pension benefits</b>	
	As at	As at
	March 31, 2019	March 31, 2018
Actuarial (gains)/losses arising from changes in demographic assumptions	(453.31)	(1,799.04)
Actuarial (gains)/losses arising from changes in financial assumptions	4,965.37	(3,017.78)
Actuarial (gains)/losses arising from changes in experience adjustments on plan liabilities	327.69	(848.75)
Return on plan assets, (excluding amount included in net Interest expense)	(2,362.62)	997.46
<b>Total recognised in other comprehensive income</b>	<b>2,477.13</b>	<b>(4,668.11)</b>
<b>Total recognised in statement of Profit and Loss and other comprehensive income</b>	<b>4,502.18</b>	<b>(6,156.73)</b>

## The assumptions used in accounting for the pension plans are set out below:

	<b>Pension benefits</b>	
	Year ended	Year ended
	March 31, 2019	March 31, 2018
Discount rate	2.4%	2.7%
Expected rate of increase in compensation level of covered employees	2.4%	2.3%
Inflation increase	3.2%	3.1%

For the valuation as at March 31, 2019, the mortality assumptions used are the SAPS table, in particular S2PxA tables and the Light Table for members of the Jaguar Executive Pension Plan.

## Notes Forming Part of Consolidated Financial Statements

For the Jaguar Pension Plan, scaling factor of 112% to 118% have been used for male members and scaling factor of 101% to 112% have been used for female members.

For the Land Rover Pension Scheme, scaling factor of 107% to 112% have been used for male members and scaling factor of 101% to 109% have been used for female members.

For the Jaguar Executive Pension Plan, an average scaling factor of 94% has been used for male members and an average scaling factor of 84% has been used for female members.

For the valuation as at March 31, 2018, the mortality assumptions used are the SAPS table, in particular S2PxA tables and the Light Table for members of the Jaguar Executive Pension Plan. A scaling factor of 113% to 119% have been used for male members and scaling factor of 102% to 114% have been used for female members for the Jaguar Pension Plan, scaling factor of 108% to 113% have been used for male members and scaling factor of 102% to 111% have been used for female members for the Land Rover Pension Scheme and 95% for males and 85% for females for Jaguar Executive Pension Plan.

There is an allowance for future improvements in line with the CMI (2018) projections and an allowance for long-term improvements of 1.25% per annum (2018, CMI (2017) projections with 1.25% per annum improvements).

### The assumed life expectations on retirement at age 65 are (years)

	As at March 31, 2019	As at March 31, 2018
<b>Retiring today :</b>		
Males	21.0	21.3
Females	23.2	23.4
<b>Retiring in 20 years :</b>		
Males	22.4	22.5
Females	25.1	25.1

### Pension plans asset allocation by category is as follows:

	₹ in crores)					
	As at March 31, 2019			As at March 31, 2018		
	Quoted*	Unquoted	Total	Quoted*	Unquoted	Total
<b>Equity Instruments</b>						
Information Technology	716.65	-	716.65	1,218.16	-	1,218.16
Energy	304.75	-	304.75	516.79	-	516.79
Manufacturing	522.30	-	522.30	885.93	-	885.93
Financials	822.41	-	822.41	1,393.50	-	1,393.50
Others	2,272.41	-	2,272.41	3,848.27	-	3,848.27
	<b>4,638.52</b>	<b>-</b>	<b>4,638.52</b>	<b>7,862.65</b>	<b>-</b>	<b>7,862.65</b>
<b>Debt Instruments</b>						
Government	22,709.35	-	22,709.35	35,169.67	-	35,169.67
Corporate Bonds (Investment Grade)	1,351.98	15,328.05	16,680.03	184.57	16,943.46	17,128.03
Corporate Bonds (Non Investment Grade)	-	5,547.26	5,547.26	-	5,389.42	5,389.42
	<b>24,061.33</b>	<b>20,875.31</b>	<b>44,936.64</b>	<b>35,354.24</b>	<b>22,332.88</b>	<b>57,687.12</b>
<b>Property Funds</b>						
UK	-	2,211.26	2,211.26	-	1,522.70	1,522.70
Other	-	2,076.36	2,076.36	-	1,476.55	1,476.55
	<b>-</b>	<b>4,287.62</b>	<b>4,287.62</b>	<b>-</b>	<b>2,999.25</b>	<b>2,999.25</b>
<b>Cash and Cash equivalents</b>	<b>1,904.79</b>	<b>-</b>	<b>1,904.79</b>	<b>2,010.94</b>	<b>-</b>	<b>2,010.94</b>

# Notes Forming Part of Consolidated Financial Statements

(₹ in crores)

	As at March 31, 2019			As at March 31, 2018		
	Quoted*	Unquoted	Total	Quoted*	Unquoted	Total
<b>Other</b>						
Hedge Funds	-	2,803.29	2,803.29	-	3,285.33	3,285.33
Private Markets	38.17	3,039.29	3,077.46	18.46	2,325.57	2,344.03
Alternatives	139.46	7,337.30	7,476.76	4,337.38	1,974.89	6,312.27
	<b>177.63</b>	<b>13,179.88</b>	<b>13,357.51</b>	<b>4,355.84</b>	<b>7,585.79</b>	<b>11,941.63</b>
<b>Derivatives</b>						
Foreign exchange contracts	-	147.82	147.82	-	9.23	9.23
Interest Rate and inflation	-	2,967.20	2,967.20	-	2,104.10	2,104.10
	-	<b>3,115.02</b>	<b>3,115.02</b>	-	<b>2,113.33</b>	<b>2,113.33</b>
<b>Collateralised debt obligations</b>	-	-	-	-	<b>(11,877.03)</b>	<b>(11,877.03)</b>
<b>Total</b>	<b>30,782.27</b>	<b>41,457.83</b>	<b>72,240.10</b>	<b>49,583.67</b>	<b>23,154.22</b>	<b>72,737.89</b>

\* determined on the basis of quoted prices for identical assets or liabilities in active markets.

The split of Level 1 assets is 62% (2018: 71%), Level 2 assets 24% (2018: 20%) and Level 3 assets 14% (2018: 9%). Private market holdings are classified as Level 3 instruments. Included in the value for Government bonds, Interest Rate and Inflation derivatives are Repo transactions, as noted above.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated balance sheet.

Assumption	Change in assumption	Impact on scheme liabilities	Impact on service cost
Discount rate	Increase/decrease by 0.25%	Decrease/increase by ₹3,852.13 crores	Decrease/increase by ₹76.16 crores
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by ₹3,339.84 crores	Increase/decrease by ₹72.49 crores
Mortality rate	Increase/decrease by 1 year	Increase/decrease by ₹2,773.24 crores	Increase/decrease by ₹46.80 crores

Jaguar Land Rover contributes towards the UK defined benefit schemes. The April 5, 2018 valuations were completed in December 2018, As a result of these valuations it is intended to eliminate the pension scheme funding deficits over the 10 years to March 31, 2028. There is currently no additional liability over the Projected benefit obligation. The current agreed contribution rate for defined benefit accrual is 22% of pensionable salaries in the UK reflecting the 2017 benefit structure.

The average duration of the benefit obligation at March 31, 2019 is **19.00** years (2018: 20.04 years).

With the new benefit structure effective April 6, 2017, the expected net periodic pension cost for the year ended March 31, 2020 is **₹1,502.48 crores**. The Company expects to pay **₹2,018.73 crores** to its defined benefit schemes in the year ended March 31, 2020.

## Defined contribution plan

The Company's contribution to defined contribution plans aggregated **₹1,186.21 crores**, ₹899.59 crores for years ended March 31, 2019 and 2018, respectively.

# Notes Forming Part of Consolidated Financial Statements

## 38. Commitments and contingencies

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

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

### Litigation

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

### Income Tax

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

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

The Company has a right of appeal to the Commissioner of Income Tax (Appeals), or CIT (A), the Dispute Resolution Panel, or DRP, and to the Income Tax Appellate Tribunal, or ITAT, against adverse decisions by the assessing officer, DRP or CIT (A), as applicable. The income tax authorities have similar rights of appeal to the ITAT against adverse decisions by the CIT (A) or DRP. The Company has a further right of appeal to the Bombay High Court or the Hon'ble 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, 2019, there are matters and/or disputes pending in appeal amounting to **₹520.48 crores**, which includes **₹75.53 crores** in respect of equity accounted investees (₹303.09 crores, which includes ₹2.18 crores in respect of equity accounted investees as at March 31, 2018).

### Customs, Excise Duty and Service Tax

As at March 31, 2019, there are pending litigations for various matters relating to customs, excise duty and service tax involving demands, including interest and penalties, of **₹1,025.45 crores**, which includes **₹5.41 crores** in respect of equity accounted investees (₹1,671.71 crores, which includes ₹5.02 crores in respect of equity accounted investees as at March 31, 2018). These demands challenged the basis of valuation of the Company's products and denied the Company's claims of Central Value Added Tax, or CENVAT, credit on inputs. The details of the demands for more than ₹20 crores are as follows:

The Excise Authorities have raised a demand for **₹90.72 crores** as at March 31, 2019 (₹90.72 crores as at March 31, 2018), on account of alleged undervaluation's of ex-factory discounts given by Company on passenger vehicles through invoices. The matter is being contested by the Company before the Bombay High Court.

As at March 31, 2019, the Excise Authorities have raised a demand and penalty of **₹243.24 crores**, (₹239.95 crores as at March 31, 2018), 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 **₹20.14 crores** (₹36.03 crores as at March 31, 2018) 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.

## Notes Forming Part of Consolidated Financial Statements

As at March 31, 2019, the Excise Authorities had levied penalties and interest amounting to **₹90.32 crores** (₹679.88 crores as at March 31, 2018) with respect to CENVAT credit claimed by the Company from March 2010 to June 2017, 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, 2019, the Excise Authorities have raised a demand amounting to **₹29.54 crores** (₹29.54 crores as at March 31, 2018) on pre-delivery inspection charges and free after-sales service charges incurred by dealers on Company's products on the alleged grounds that the pre-delivery inspection charges and free after-sales services are provided by the dealer on behalf of the Company and should be included in excisable value of the vehicle. The case is pending before Tribunal.

As at March 31, 2019, the Excise Authorities have confirmed demand & penalty totalling to **₹90.88 crores** (₹90.88 crores as at March 31, 2018) towards vehicles allegedly sold below cost of production with an intention to penetrate the market. The matter is being contested by the Company before the Appellate Authorities.

The Excise Authorities had denied the Company's claim of a CENVAT credit of **₹81.51 crores** as at March 31, 2019 on various inputs services like Authorised Service Station Services, Erection, Commissioning & Installation Services, Common Services etc. claimed by the Company from financial year 2006 to 2017. The matters are being contested by the Company before the Appellate Authorities.

As at March 31, 2019, the Excise Authorities have confirmed the demand and penalty totalling to **₹92.42 crores** alleging undervaluation of products sold by the Company. The matter is being contested by the Company before Appellate Authorities.

As at March 31, 2019, demand and penalty totalling to **₹23.50 crores** has been confirmed for alleged non-payment of service tax on services like Event Management Services (RCM), Authorised Service Station Services, Heat Treatment Services etc. The matter is being contested by the Company before Appellate Authorities.

### Sales Tax

The total sales tax demands (including interest and penalty), that are being contested by the Company amount to **₹1,168.89 crores**, which includes **₹12.40 crores** in respect of equity accounted investees as at March 31, 2019 (₹1,096.18 crores, which includes ₹10.85 crores in respect of equity accounted investees, as at March 31, 2018). The details of the demands for more than ₹20 crores are as follows:

The Sales Tax Authorities have raised demand of **₹260.15 crores** (₹269.38 crores as at March 31, 2018) towards rejection of certain statutory forms for concessional lower/nil tax rate (Form F and Form C) on technical grounds such as late submission, single form issued against different months / quarters dispatches / sales, etc. and denial of exemption from tax in absence of proof of export for certain years. The Company has contended that the benefit cannot be denied on technicalities, which are being complied with. The matter is pending at various levels.

The Sales Tax authorities have denied input tax credit and levied interest and penalty thereon due to varied reasons aggregating to **₹487.96 crores** as at March 31, 2019 (₹435.96 crores as at March 31, 2018). 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 **₹80.02 crores** as at March 31, 2019 (₹95.75 crores as at March 31, 2018) has been raised by Sales Tax Authorities for non submission of Maharashtra Trial Balance. The matter is contested in appeal.

The Sales Tax Authorities have raised demand for Entry Tax liability at various states amounting to **₹64.14 crores** as at March 31, 2019 (₹23.92 crores as at March 31, 2018). The Company is contesting this issue.

In case of one of the joint operation, Fiat India Automobiles Pvt. Ltd. (FIAPL) the Sales Tax Authorities have held back the refund of VAT on debit notes raised for Take or Pay arrangements (TOP) totaling to **₹51.60 crores** pertaining to financial years 2009-10 to 2014-15. The department is of the view that TOP is not part of sale and hence tax to be paid. The matter is contested in appeal.

## Notes Forming Part of Consolidated Financial Statements

### Other Taxes and Dues

Other amounts for which the Company may contingently be liable aggregate to **₹436.08 crores**, which includes **₹21.54 crores** in respect of equity accounted investees as at March 31, 2019 (₹367.02 crores, which includes ₹1.76 crores in respect of equity accounted investees, as at March 31, 2018). 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, 2019 (₹61.65 crores as at March 31, 2018) had been raised demanding higher octroi duties on account of classification disputes relating to components purchased for the manufacture of vehicles and retrospective increase in octroi rates relating to past periods. The dispute relating to classification is presently pending before the Bombay High Court and the other dispute is pending before the Hon'ble Supreme Court of India.

As at March 31, 2019, property tax amounting to **₹63.81 crores** (₹56.84 crores as at March 31, 2018) has been demanded by the local municipal authorities in respect of vacant land of the Company in the plant in Pimpri, Chinchwad and Chikali Pune. The Company has filed Special Leave Petition (SLP) before the Supreme Court against an unfavorable decision of the Bombay High Court. The Hon'ble Supreme Court has disposed of the SLP and remanded the matter back to the local municipal corporation for fresh adjudication.

As at March 31, 2019, Sales tax / VAT amounting to **₹32.47 crores** (₹30.54 crores as at March 31, 2018) has been demanded by local authorities on dealers in respect of spare parts used for carrying out warranty repair. The dispute is pending before the Hon'ble Supreme Court.

As at March 31, 2019, possession tax amounting to **₹36.25 crores** have been demanded in respect of motor vehicles in the possession of the manufacturer and the authorisation of trade certificate granted under the Central Motor Vehicle Rules, 1989. The matter is being contested before the Hon'ble Supreme Court of India.

### Other claims

There are other claims against the Company, the majority of which pertain to government body investigations with regards to regulatory compliances, motor accident claims, product liability claims and consumer complaints. Some of the cases also relate to the replacement of parts of vehicles and/or the compensation for deficiencies in the services by the Company or its dealers.

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. Further, there are interpretative challenges and considerable uncertainty, including estimating the amount retrospectively. Pending the outcome of the review petition and directions from the EPFO, the impact for past periods, if any, is not ascertainable reliably and consequently no financial effect has been provided for in the consolidated financial statements. The Company has made a provision on a prospective basis, from the date of the SC order.

The Company has, consequent to an Order of the Hon'ble Supreme Court of India in the case of R.C. Gupta and Ors. Vs Regional Provident Fund Commissioner, Employees Provident Fund Organisation and Ors., evaluated the impact on its employee pension scheme and concluded that this is not applicable to the Company based on external legal opinion and hence it is not probable that there will be an outflow of resources.

Post the sale of investments of TAL Manufacturing Solutions Ltd. (TAL) to Tata Advanced Systems Ltd. (TASL), the Company has continued its performance guarantee amounting to **₹691.49 crores** (USD 100 million) in respect of TAL's obligations to its customer to cover the event post the share sale, against a back-to-back indemnity by TASL to the Company. Steps are currently under way to transfer the said guarantee to TASL in due course.

### 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 **₹11,529.23 crores**, as at March 31, 2019 (₹10,018.66 crores as at March 31, 2018), 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 **₹567.57 crores** as at March 31, 2019, (₹581.39 crores as at March 31, 2018), which are yet to be executed.



# Notes Forming Part of Consolidated Financial Statements

Under the joint venture agreement with Chery Jaguar Land Rover Automotive Co. Limited, the Company is committed to contribute ₹3,606.40 crores as at March 31, 2019 (₹3,622.12 crores as at March 31, 2018) towards its share in the capital of the joint venture of which ₹2,962.40 crores (₹2,975.31 crores as at March 31, 2018) has been contributed as at March 31, 2019. As at March 31, 2019, the Company has an outstanding commitment of ₹644.00 crores (₹646.81 crores as at March 31, 2018).

The Company has contractual obligation towards Purchase Commitment for ₹20,159.77 crores (₹13,222.63 crores as on March 31, 2018).

## 39. 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, convertible and non-convertible debt securities, 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 debt includes all long and short-term debts as disclosed in notes 25, 26 and 28 to the consolidated financial statements. Equity comprises all components excluding (profit)/loss on cash flow hedges and foreign currency translation reserve.

The following table summarises the capital of the Company:

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Equity*	63,803.79	94,794.02
Short-term borrowings and current portion of long-term debt	35,201.67	27,750.97
Long-term debt	70,973.67	61,199.50
<b>Total debt</b>	<b>106,175.34</b>	<b>88,950.47</b>
<b>Total capital (Debt + Equity)</b>	<b>169,979.13</b>	<b>183,744.49</b>

\* Details of equity :

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Total equity as reported in balance sheet	60,702.62	95,952.97
Currency translation reserve attributable to		
- Shareholders of Tata Motors Limited	(2,552.39)	(4,621.23)
- Non-controlling interests	(19.86)	(19.78)
Hedging reserve	5,673.42	3,482.06
<b>Equity as reported above</b>	<b>63,803.79</b>	<b>94,794.02</b>



# Notes Forming Part of Consolidated Financial Statements

## 40. Disclosure on financial instruments

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

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the consolidated 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, 2019.

		(₹ in crores)						
Financial assets	Cash and other financial assets at amortised cost	Investments - FVTOCI	Investments - FVTPL	Investments - Amortised cost	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
(a) Other investments - non-current	-	741.29	752.34	3.88	-	-	1,497.51	1,497.51
(b) Investments - current	-	0.92	1,191.90	7,745.51	-	-	8,938.33	8,938.33
(c) Trade receivables	18,996.17	-	-	-	-	-	18,996.17	18,996.17
(d) Cash and cash equivalents	21,559.80	-	-	-	-	-	21,559.80	21,559.80
(e) Other bank balances	11,089.02	-	-	-	-	-	11,089.02	11,089.02
(f) Loans and advances - non-current	407.42	-	-	-	-	-	407.42	407.42
(g) Loans and advances - current	1,268.70	-	-	-	-	-	1,268.70	1,268.70
(h) Finance receivable - current	11,551.52	-	-	-	-	-	11,551.52	11,551.52
(i) Finance receivable - non-current	22,073.17	-	-	-	-	-	22,073.17	21,877.53
(j) Other financial assets - non-current	1,898.04	-	-	-	523.23	387.91	2,809.18	2,809.18
(k) Other financial assets - current	1,978.02	-	-	-	344.57	890.97	3,213.56	3,213.56
<b>Total</b>	<b>90,821.86</b>	<b>742.21</b>	<b>1,944.24</b>	<b>7,749.39</b>	<b>867.80</b>	<b>1,278.88</b>	<b>103,404.38</b>	<b>103,208.74</b>

		(₹ in crores)				
Financial liabilities	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Other financial liabilities	Total carrying value	Total fair value	
(a) Long-term borrowings (including current maturities of long-term borrowings) (note below)	-	-	86,025.08	86,025.08	82,960.03	
(b) Short-term borrowings	-	-	20,150.26	20,150.26	20,150.26	
(c) Trade payables	-	-	68,513.53	68,513.53	68,513.53	
(d) Acceptances	-	-	3,177.14	3,177.14	3,177.14	
(e) Other financial liabilities - non-current	195.90	2,466.54	130.27	2,792.71	2,792.71	
(f) Other financial liabilities - current	982.39	3,760.14	13,061.71	17,804.24	17,804.24	
<b>Total</b>	<b>1,178.29</b>	<b>6,226.68</b>	<b>191,057.99</b>	<b>198,462.96</b>	<b>195,397.91</b>	

#### Note:

- 1 Includes USD denominated bonds designated as cash flow hedges against forecasted USD revenue amounting to ₹6,914.88 crores (USD 1,000 million)
- 2 Includes ₹3,458.55 crores designated as hedged item in fair value hedge relationship. This includes a loss of ₹44.56 crores on account of fair value changes attributable to the hedged interest rate risk.

# Notes Forming Part of Consolidated Financial Statements

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

(₹ in crores)

Financial assets	Cash and other financial assets at amortised cost	Investments - FVTOCI	Investments - FVTPL	Investments - Amortised cost	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
(a) Other investments - non-current	-	407.90	351.98	3.88	-	-	763.76	763.76
(b) Investments - current	-	303.28	1,601.00	12,759.47	-	-	14,663.75	14,663.75
(c) Trade receivables	19,893.30	-	-	-	-	-	19,893.30	19,893.30
(d) Cash and cash equivalents	14,716.75	-	-	-	-	-	14,716.75	14,716.75
(e) Other bank balances	19,897.16	-	-	-	-	-	19,897.16	19,897.16
(f) Loans and advances - non-current	495.41	-	-	-	-	-	495.41	495.41
(g) Loans and advances - current	1,451.14	-	-	-	-	-	1,451.14	1,451.14
(h) Finance receivable - current	8,401.65	-	-	-	-	-	8,401.65	8,401.65
(i) Finance receivable - non-current	15,479.53	-	-	-	-	-	15,479.53	15,421.94
(j) Other financial assets - non-current	1,716.97	-	-	-	489.03	2,357.87	4,563.87	4,563.87
(k) Other financial assets - current	1,381.51	-	-	-	878.80	1,597.33	3,857.64	3,857.64
<b>Total</b>	<b>83,433.42</b>	<b>711.18</b>	<b>1,952.98</b>	<b>12,763.35</b>	<b>1,367.83</b>	<b>3,955.20</b>	<b>104,183.96</b>	<b>104,126.37</b>

(₹ in crores)

Financial liabilities	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Other financial liabilities	Total carrying value	Total fair value
(a) Long-term borrowings (including current maturities of long-term borrowings) (note below)	-	-	72,155.62	72,155.62	72,871.82
(b) Short-term borrowings	-	-	16,794.85	16,794.85	16,794.85
(c) Trade payables	-	-	72,038.41	72,038.41	72,038.41
(d) Acceptances	-	-	4,901.42	4,901.42	4,901.42
(e) Other financial liabilities - non-current	177.23	2,272.97	288.94	2,739.14	2,739.14
(f) Other financial liabilities - current	1,329.43	4,878.23	14,103.71	20,311.37	20,311.37
<b>Total</b>	<b>1,506.66</b>	<b>7,151.20</b>	<b>180,282.95</b>	<b>188,940.81</b>	<b>189,657.01</b>

**Note:**

- Includes USD denominated bonds designated as cash flow hedges against forecasted USD revenue amounting to ₹11,166.44 crores (USD 1,700 million)
- Includes ₹3,156.00 crores designated as hedged item in fair value hedge relationship. This includes a loss of ₹92.80 crores on account of fair value changes attributable to the hedged interest rate risk.

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 quoted equity shares, quoted corporate debt instruments and mutual fund investments.

## Notes Forming Part of Consolidated Financial Statements

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 includes 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. The main items in this category are investments in certain unquoted debentures and equity.

(₹ in crores)

	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
(a) Investments	1,948.19	-	738.26	2,686.45
(b) Derivative assets	-	2,146.68	-	2,146.68
<b>Total</b>	<b>1,948.19</b>	<b>2,146.68</b>	<b>738.26</b>	<b>4,833.13</b>
<b>Financial liabilities measured at fair value</b>				
(a) Derivative liabilities	-	7,404.97	-	7,404.97
<b>Total</b>	<b>-</b>	<b>7,404.97</b>	<b>-</b>	<b>7,404.97</b>

(₹ in crores)

	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
(a) Investments	1,940.92	-	723.24	2,664.16
(b) Derivative assets	-	5,323.03	-	5,323.03
<b>Total</b>	<b>1,940.92</b>	<b>5,323.03</b>	<b>723.24</b>	<b>7,987.19</b>
<b>Financial liabilities measured at fair value</b>				
(a) Derivative liabilities	-	8,657.86	-	8,657.86
<b>Total</b>	<b>-</b>	<b>8,657.86</b>	<b>-</b>	<b>8,657.86</b>

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, 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value</b>				
(a) Investments	7,745.51	-	3.88	7,749.39
(b) Finance receivables	-	-	33,429.05	33,429.05
<b>Total</b>	<b>7,745.51</b>	<b>-</b>	<b>33,432.93</b>	<b>41,178.44</b>
<b>Financial liabilities not measured at fair value</b>				
(a) Long-term borrowings (including current maturities of long term borrowing)	35,285.15	47,674.88	-	82,960.03
(b) Short-term borrowings	-	20,150.26	-	20,150.26
<b>Total</b>	<b>35,285.15</b>	<b>67,825.14</b>	<b>-</b>	<b>103,110.29</b>

# Notes Forming Part of Consolidated Financial Statements

(₹ in crores)

	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value</b>				
(a) Investments	12,759.47	-	3.88	12,763.35
(b) Finance receivables	-	-	23,823.59	23,823.59
<b>Total</b>	<b>12,759.47</b>	<b>-</b>	<b>23,827.47</b>	<b>36,586.94</b>
<b>Financial liabilities not measured at fair value</b>				
(a) Long-term borrowings (including current maturities of long term borrowing)	39,949.70	32,922.12	-	72,871.82
(b) Short-term borrowings	-	16,794.85	-	16,794.85
<b>Total</b>	<b>39,949.70</b>	<b>49,716.97</b>	<b>-</b>	<b>89,666.67</b>

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

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

The fair value of finance receivables has been estimated by discounting expected cash flows using rates at which loans of similar credit quality and maturity would be made and internal assumptions such as expected credit losses and estimated collateral value for repossessed vehicles as at March 31, 2019 and 2018. Since significant unobservable inputs are applied in measuring the fair value, finance receivables are classified in Level 3.

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 and credit quality.

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

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 realised or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

## Offsetting

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

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

## Notes Forming Part of Consolidated 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 March 31, 2019:

(₹ in crores)

	Gross amount recognised	Gross amount recognised as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement		Net amount after offsetting
				Financial instruments	Cash collateral	
<b>Financial assets</b>						
(a) Derivative financial instruments	2,146.68	-	2,146.68	(1,717.37)	-	429.31
(b) Trade receivables	19,105.24	(109.07)	18,996.17	-	-	18,996.17
(c) Cash and cash equivalents	25,433.47	(3,873.67)	21,559.80	-	-	21,559.80
<b>Total</b>	<b>46,685.39</b>	<b>(3,982.74)</b>	<b>42,702.65</b>	<b>(1,717.37)</b>	<b>-</b>	<b>40,985.28</b>
<b>Financial liabilities</b>						
(a) Derivative financial instruments	7,404.97	-	7,404.97	(1,717.37)	-	5,687.60
(b) Trade payable	68,622.60	(109.07)	68,513.53	-	-	68,513.53
(c) Loans from banks/financial institutions (short-term & current maturities of long term debt)	39,075.34	(3,873.67)	35,201.67	-	-	35,201.67
<b>Total</b>	<b>115,102.91</b>	<b>(3,982.74)</b>	<b>111,120.17</b>	<b>(1,717.37)</b>	<b>-</b>	<b>109,402.80</b>

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

(₹ in crores)

	Gross amount recognised	Gross amount recognised as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement		Net amount after offsetting
				Financial instruments	Cash collateral	
<b>Financial assets</b>						
(a) Derivative financial instruments	5,323.03	-	5,323.03	(4,905.82)	-	417.21
(b) Trade receivables	19,990.57	(97.27)	19,893.30	-	-	19,893.30
(c) Cash and cash equivalents	16,384.33	(1,667.58)	14,716.75	-	-	14,716.75
<b>Total</b>	<b>41,697.93</b>	<b>(1,764.85)</b>	<b>39,933.08</b>	<b>(4,905.82)</b>	<b>-</b>	<b>35,027.26</b>
<b>Financial liabilities</b>						
(a) Derivative financial instruments	8,657.86	-	8,657.86	(4,905.82)	-	3,752.04
(b) Trade payable	72,135.68	(97.27)	72,038.41	-	-	72,038.41
(c) Loans from banks/financial institutions (short-term & current maturities of long term debt)	29,418.55	(1,667.58)	27,750.97	-	-	27,750.97
<b>Total</b>	<b>110,212.09</b>	<b>(1,764.85)</b>	<b>108,447.24</b>	<b>(4,905.82)</b>	<b>-</b>	<b>103,541.42</b>

### (b) Transfer of financial assets

The Company transfers finance receivables in securitisation transactions and direct assignments. In such transactions the Company surrenders control over the receivables, though it continues to act as an agent for the collection of receivables. Generally in such transactions, the Company also provides credit enhancements to the transferee.

Because of the existence of credit enhancements in such transactions, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement provided, even if it does not collect the equivalent

# Notes Forming Part of Consolidated Financial Statements

amounts from the original asset and hence continues to retain substantially all risks and rewards associated with the receivables, and as a result of which such transfer or assignment does not meet the derecognition criteria, resulting in the transfer not being recorded as sale. Consequently, the proceeds received from such transfers are recorded as collateralised debt obligations.

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

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

Nature of Asset	As at March 31, 2019		As at March 31, 2018	
	Carrying amount of asset sold	Carrying amount of associated liabilities	Carrying amount of asset sold	Carrying amount of associated liabilities
(a) Trade receivables	1,031.46	1,031.46	1,507.44	1,507.44
(b) Finance receivables	3,033.83 <sup>1</sup>	3,047.33	1,306.91 <sup>1</sup>	1,320.58

<sup>1</sup> Net of provision of ₹38.03 crores and ₹22.62 crores as at March 31, 2019 and 2018, respectively.

## (c) Cash flow hedges

As at March 31, 2019, the Company and its subsidiaries have a number of financial instruments designated in a hedging relationship. The Company and its subsidiaries use both foreign currency forward and option contracts, cross currency interest rate swaps and other currency options to hedge changes in future cash flows as a result of foreign currency and interest rate risk arising from sales and purchases and repayment of foreign currency bonds. The Company and its subsidiaries have also designated some of its U.S. dollar denominated bonds as hedging instruments in a cash flow hedging relationship to hedge the changes in future cash flows as a result of foreign currency risk arising from future anticipated sales.

The Company and its subsidiaries also have a number of foreign currency options and other currency options, which are entered into as an economic hedge of the financial risks of the Company. These contracts do not meet the hedge accounting criteria of Ind AS 109, hence the change in fair value of these derivatives are recognised in the statement of Profit and Loss.

Options are designated on spot discounted basis. The time value of options are identified as cost of hedge. Changes in the time value of options are recognised in Cost of Hedge reserve. Changes in the spot intrinsic value of options is recognised in Hedge reserve. Changes in fair value arising from own and counter-party credit risk in options and forward exchange contracts are considered ineffective in the hedge relationship and thus the change in fair value of forward exchange contracts attributable to changes in credit spread are recognised in the statement of Profit and Loss. Cross currency basis spread was historically included in the hedging relationship. Any ineffectiveness arising out of cross currency basis spread is recognised in the statement of Profit and Loss as it arises. Cross currency basis spread arising from forward exchange contracts entered after 1st January 2018 is identified as cost of hedge and accordingly changes in fair value attributable to this is recognised in cost of hedge reserve.

Changes in fair value of foreign currency derivative and bonds, to the extent determined to be an effective hedge, is recognised in other comprehensive income and the ineffective portion of the fair value change is recognised in statement of Profit and Loss. The fair value gain/losses recorded in Hedge reserve and Cost of Hedge reserve is recognised in the statement of Profit and Loss when the forecasted transactions occur. The accumulated gain/losses in hedge reserve and cost of hedge reserve are expected to be recognised in statement of Profit or Loss during the years ending March 31, 2020 to 2024.

## Notes Forming Part of Consolidated Financial Statements

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
Fair value gain/(loss) of foreign currency derivative contracts entered for cash flow hedges of forecast sales recognised in hedging reserve	(6,045.46)	6,533.29
Fair value gain/(loss) of foreign currency derivative contracts entered for cash flow hedges of forecast inventory purchases recognised in hedging reserve	(1,746.28)	1,227.74
Fair value gain/(loss) of foreign currency bonds designated as cash flow hedges of forecast sales recognised in hedging reserve	(942.91)	1,243.52
Fair value gain/(loss) of cross currency interest rate swaps entered for cash flow hedges of repayment of foreign currency denominated borrowings recognised in hedging reserve	44.60	(35.91)
Fair value gain/(loss) of interest rate swaps entered for cash flow hedges of payment of interest on borrowings benchmarked to LIBOR	(57.57)	-
<b>Fair value gain/(loss) recognised in Hedging reserve</b>	<b>(8,747.62)</b>	<b>8,968.64</b>
Gain/(loss) reclassified from Hedging reserve and recognised in 'Revenue from operations' in the statement of Profit and Loss on occurrence of forecast sales	(6,956.21)	(10,274.11)
Gain/(loss) reclassified out of Hedging reserve and recorded in Inventory in the Balance sheet on occurrence of forecast purchases	1,011.27	1,430.25
Gain/(loss) reclassified from Hedging reserve and recognised in 'Foreign exchange (gain)/loss (net)' in the statement of Profit and Loss on account of forecast transactions no longer expected to occur	(102.79)	(54.70)
<b>Gain/(loss) reclassified from Hedging reserve</b>	<b>(6,047.73)</b>	<b>(8,898.56)</b>
Gain/(loss) on foreign currency derivatives not hedge accounted, recognised in 'Foreign exchange (gain)/loss (net)' in the statement of Profit and Loss	(749.80)	1,176.20
Fair value gain/(loss) recognised in 'Foreign exchange (gain)/loss (net)' in the statement of Profit and Loss on account of ineffectiveness arising from foreign currency basis spread on forward contracts designated in cash flow hedge relationship	(133.64)	381.64
	<b>(883.44)</b>	<b>1,557.84</b>

### (d) 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 realisable 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 income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

## Notes Forming Part of Consolidated Financial Statements

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in U.S. dollar, GBP, Chinese renminbi, Japanese yen, Singapore dollar and Euro, against the respective functional currencies of Tata Motors Limited and its subsidiaries.

The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure. Furthermore, any movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its international operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

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

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

The following analysis is based on the gross exposure as of the relevant balance sheet dates, which could affect the income statement. There is no exposure to the income statement on account of translation of financial statements of consolidated foreign entities. Furthermore, the exposure as indicated below is mitigated by natural hedges resulting from anticipated revenue and cost in foreign currency expected to arise in future as well as certain derivative contracts entered into by the Company.

The following table sets forth information relating to foreign currency exposure other than risk arising from derivatives contract as of March 31, 2019:

	(₹ in crores)						
	U.S. dollar	Euro	Chinese Renminbi	GBP	Japanese Yen	Others <sup>1</sup>	Total
(a) Financial assets	22,765.97	12,594.09	1,985.31	1,600.67	339.86	2,718.46	42,004.36
(b) Financial liabilities	39,089.20	32,226.04	3,850.11	5,926.98	440.59	2,828.53	84,361.45

<sup>1</sup> Others mainly include currencies such as the Russian rouble, Singapore dollars, Swiss franc, Australian dollars, South African rand, Thai baht and Korean won.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in increase/decrease in the Company's net income before tax by approximately **₹4,200.44 crores** for financial assets and decrease/increase in Company's net income before tax by approximately **₹7,744.66 crores** for financial liabilities respectively for the year ended March 31, 2019 and decrease/increase in the Company's other comprehensive income by approximately **₹691.49 crores** in respect of financial liabilities designated in cash flow hedges for the year ended March 31, 2019.

The following table set forth information relating to foreign currency exposure (other than risk arising from derivatives) as of March 31, 2018:

	(₹ in crores)						
	U.S. dollar	Euro	Chinese Renminbi	GBP	Japanese Yen	Others	Total
(a) Financial assets	13,531.07	12,817.17	4,997.72	1,511.50	475.02	4,165.24	37,497.72
(b) Financial liabilities	36,909.10	31,192.69	5,398.91	6,371.66	545.65	3,538.95	83,956.96

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



## Notes Forming Part of Consolidated 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 non-convertible bonds and short term loans.

In its financing business, the Company enters into transactions with customers which primarily result in receivables at fixed rates. In order to manage this risk, the Company has a policy to match funding in terms of maturities and interest rates and also for certain part of the portfolio, the Company does not match funding with maturities, in order to take advantage of market opportunities.

The Company also enters into arrangements of securitisation of receivables in order to reduce the impact of interest rate movements. Further, Company also enters into interest rate swap contracts with banks to manage its interest rate risk.

As at March 31, 2019 and 2018 financial liability of **₹30,284.89 crores** and ₹21,018.28 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 an impact (decrease/increase in case of net income) of **₹302.85 crores** and ₹210.18 crores on income for the year ended March 31, 2019 and 2018, 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 income/loss before tax basis).

The Company uses cross currency interest rate swaps to hedge some of its exposure to interest rate arising from variable rate foreign currency denominated debt. The Company and its subsidiaries also uses cross currency interest rate swaps to convert some of its foreign currency denominated fixed rate debt to floating rate debt.

### (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 in equity securities exposes the Company to equity price risks. In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities.

The fair value of some of the Company's investment in quoted equity securities measured at FVOCI as of March 31, 2019 and 2018, was **₹304.31 crores** and ₹340.48 crores, respectively. A 10% change in prices of these securities held as of March 31, 2019 and 2018, would result in an impact of **₹30.43 crores** and ₹34.05 crores on equity, respectively.

The fair value of some of the Company's investments in quoted equity securities measured at FVTPL as of March 31, 2019 and 2018, was **₹423.14 crores** and ₹Nil, respectively. A 10% change in prices of these securities measured at FVTPL held as of March 31, 2019 and 2018, would result in an impact of **₹42.31 crores** and ₹Nil on statement of Profit and Loss, respectively.

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

# Notes Forming Part of Consolidated Financial Statements

## (ii) Credit risk

Credit risk is the risk of financial loss arising from counter-party 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 in debt instruments, trade receivables, finance receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹1,02,812.99 crores as at March 31, 2019 and ₹1,03,506.52 crores as at March 31, 2018, 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, 2019, that defaults in payment obligations will occur.

### Credit quality of financial assets and impairment loss

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

#### Trade receivables

Period (in months)	As at March 31, 2019			As at March 31, 2018		
	Gross	Allowance	Net	Gross	Allowance	Net
	(a) Not due	15,089.88	(32.41)	15,057.47	15,951.89	(21.56)
(b) Overdue up to 3 months	3,108.65	(13.10)	3,095.55	3,281.94	(37.15)	3,244.79
(c) Overdue 3-6 months	251.69	(18.37)	233.32	224.36	(35.48)	188.88
(d) Overdue more than 6 months	1,516.05	(906.22)	609.83 <sup>1</sup>	1,696.78	(1,167.48)	529.30
<b>Total</b>	<b>19,966.27</b>	<b>(970.10)</b>	<b>18,996.17</b>	<b>21,154.97</b>	<b>(1,261.67)</b>	<b>19,893.30</b>

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.

<sup>1</sup> Trade receivables overdue more than six months include ₹513.08 crores as at March 31, 2019 (₹462.22 crores as at March 31, 2018, outstanding from state government organisations in India, which are considered recoverable.

The Company makes allowances for losses on its portfolio of finance receivable on the basis of expected future collection from receivables. The future collection are estimated on the basis of past collection trend which are adjusted for changes in current circumstances as well as expected changes in collection on account of future with respect to certain macro economic factor like GDP growth, fuel price and inflation.

#### Finance receivables<sup>2</sup>

Period (in months)	As at March 31, 2019			As at March 31, 2018		
	Gross	Allowance	Net	Gross	Allowance	Net
	(a) Not due <sup>3</sup>	33,634.95	(608.20)	33,026.75	23,914.24	(762.15)
(b) Overdue up to 3 months	429.47	(19.44)	410.03	452.63	(15.45)	437.18
(c) Overdue more than 3 months	393.32	(205.41)	187.91	703.88	(411.97)	291.91
<b>Total</b>	<b>34,457.74</b>	<b>(833.05)</b>	<b>33,624.69</b>	<b>25,070.75</b>	<b>(1,189.57)</b>	<b>23,881.18</b>

<sup>2</sup> Finance receivables originated in India.

<sup>3</sup> Allowance in the "Not due" category includes allowance against installments pertaining to impaired finance receivables which have not yet fallen due.

## Notes Forming Part of Consolidated Financial Statements

### (iii) Liquidity risk

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

The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures, fixed deposits from public, 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 public deposits/non-convertible debentures (taken 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, 2019:

#### Financial liabilities

	(₹ in crores)					
	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 and acceptances	71,690.67	71,690.67	-	-	-	71,690.67
(b) Borrowings and interest thereon	107,234.92	40,893.54	18,470.53	44,033.57	19,818.26	123,215.90
(c) Derivative liabilities	7,404.97	5,369.66	2,834.10	1,364.31	300.14	9,868.21
(d) Other financial liabilities	12,132.40	12,002.13	52.55	49.40	55.64	12,159.72
<b>Total</b>	<b>198,462.96</b>	<b>129,956.00</b>	<b>21,357.18</b>	<b>45,447.28</b>	<b>20,174.04</b>	<b>216,934.50</b>

Contractual maturities of borrowings includes cash flows relating to collateralised debt obligations. This represents the amount received against the transfer of finance receivables in securitisation transactions and/or direct assignments, which do not qualify for derecognition. The liability of the Company in such cases is limited to the extent of credit enhancements provided. The contractual maturities of such collateralised debt obligations are as follows:

#### Financial liabilities

	(₹ in crores)					
	Carrying amount	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total contractual cash flows
Collateralised debt obligations	3,047.33	1,482.42	1,013.40	551.51	-	3,047.33

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

#### Financial liabilities

	(₹ in crores)					
	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 and acceptances	76,939.83	76,939.83	-	-	-	76,939.83
(b) Borrowings and interest thereon	90,046.19	31,349.98	14,909.70	40,002.72	16,401.49	102,663.89
(c) Derivative liabilities	8,657.86	6,207.66	2,968.80	1,218.82	120.76	10,516.04
(d) Other financial liabilities	13,296.93	13,026.82	153.23	87.48	79.64	13,347.17
<b>Total</b>	<b>188,940.81</b>	<b>127,524.29</b>	<b>18,031.73</b>	<b>41,309.02</b>	<b>16,601.89</b>	<b>203,466.93</b>

# Notes Forming Part of Consolidated Financial Statements

The contractual maturities of such collateralised debt obligations are as follows:

## Financial liabilities

	(₹ in crores)				
	Carrying amount	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Total contractual cash flows
Collateralised debt obligations	1,320.58	728.09	592.49	-	1,320.58

### (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. The counterparty is generally a bank. These financial exposures are managed in accordance with the Company's risk management policies and procedures.

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

Specific transactional risks include risks like liquidity and pricing risks, interest rate and exchange rate fluctuation risks, volatility risks, counter-party 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, 2019	As at March 31, 2018
(a) Foreign currency forward exchange contracts and options	(5,242.65)	(3,708.93)
(b) Commodity Derivatives	101.95	(0.24)
(c) Others including interest rate and currency swaps	(117.59)	374.34
<b>Total</b>	<b>(5,258.29)</b>	<b>(3,334.83)</b>

The gain/(loss) on commodity derivative contracts, recognised in the statement of Profit and Loss was ₹84.74 crores gain and ₹214.63 crores gain for the years ended March 31, 2019 and 2018, respectively.

### Foreign exchange sensitivity in respect of company's exposure to forward and option contract:

	(₹ in crores)	
	As at March 31, 2019	As at March 31, 2018
<b>10% depreciation of foreign currency:</b>		
Gain/(loss) in hedging reserve	2,316.97	4,532.90
Gain/(loss) in statement of Profit and loss	(675.27)	213.42
<b>10% Appreciation of foreign currency:</b>		
Gain/(loss) in hedging reserve	(2,629.28)	(5,335.38)
Gain/(loss) in statement of Profit and loss	2,179.83	(134.65)

In respect of the Company's commodity derivative contracts, a 10% depreciation/appreciation of all commodity prices underlying such contracts, would have resulted in an approximate (loss)/gain of ₹(479.79) crores/₹479.79 crores and ₹(461.42)/₹461.42 crores in the statement of Profit and Loss for the years ended March 31, 2019 and 2018, respectively.

Exposure to gain/loss on derivative instruments offset to some extent the exposure to foreign currency risk, interest rate risk as disclosed above.

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

# Notes Forming Part of Consolidated Financial Statements

## 41. Disclosure on Financial instruments designated as hedging instrument in cashflow hedge

The details of cash flow hedges entered by the Company to hedge interest rate risk arising on floating rate borrowings and by one of the Company's subsidiaries to hedge the currency fluctuation of its functional currency (GBP) against foreign currencies to hedge future cash flow arising from revenue and cost of materials is as follows:

Outstanding contracts	Average strike rate		Nominal amounts		Carrying value	
			(£ in million)		(₹ in crores)	
	As at March 31 2019	As at March 31 2018	As at March 31 2019	As at March 31 2018	As at March 31 2019	As at March 31 2018
<b>Foreign currency forwards</b>						
Cash flow hedges - USD						
Sell - USD/ Buy - GBP						
<1 year	<b>0.674</b>	0.659	<b>1,356.8</b>	1,724.9	<b>(1,584.84)</b>	(1,148.02)
Between 1-5 years	<b>0.699</b>	0.676	<b>1,679.3</b>	2,659.9	<b>(1,003.76)</b>	(581.39)
Cash flow hedges - Chinese Yuan						
Sell - Chinese Yuan / Buy - GBP						
<1 year	<b>0.105</b>	0.102	<b>2,131.9</b>	2,974.0	<b>(1,381.19)</b>	(2,774.27)
Between 1-5 years	<b>0.108</b>	0.105	<b>1,298.7</b>	2,581.9	<b>(394.63)</b>	(767.81)
Cash flow hedges -Euro						
Buy - Euro / Sell - GBP						
<1 year	<b>0.863</b>	0.817	<b>2,691.4</b>	1,602.1	<b>133.96</b>	1,200.62
Between 1-5 years	<b>0.907</b>	0.868	<b>3,180.6</b>	2,818.8	<b>(642.62)</b>	1,108.34
Cash flow hedges - Other						
<1 year	<b>0.002</b>	-	<b>1,799.7</b>	1,748.3	<b>17.20</b>	(567.55)
Between 1-5 years	<b>0.004</b>	-	<b>881.1</b>	1,559.7	<b>101.37</b>	370.98
<b>Foreign currency options</b>						
Cash flow hedges - USD						
Sell - USD/ Buy - GBP						
<1 year	<b>0.716</b>	0.743	<b>157.6</b>	48.3	<b>(9.96)</b>	25.84
Between 1-5 years	<b>0.698</b>	0.706	<b>265.8</b>	258.4	<b>(28.06)</b>	113.51
Cash flow hedges - Chinese Yuan						
Sell - Chinese Yuan / Buy - GBP						
<1 year	<b>0.000</b>	0.103	-	10.3	-	-
Between 1-5 years	-	-	-	-	-	-
Cash flow hedges -Euro						
Buy - Euro / Sell - GBP						
<1 year	<b>0.966</b>	0.963	<b>806.7</b>	534.3	<b>(71.50)</b>	(23.07)
Between 1-5 years	<b>0.970</b>	0.969	<b>849.3</b>	1,560.4	<b>(21.72)</b>	105.20
<b>Cash flow hedges of foreign exchange risk on recognised debt</b>						
<b>Cross currency interest rate swaps</b>						
USD						
<1 year	-	-	-	-	-	-
Between 1-5 years	-	-	-	-	-	-
>5 years	<b>0.759</b>	0.759	<b>379.6</b>	379.6	<b>100.47</b>	(258.40)

# Notes Forming Part of Consolidated Financial Statements

Outstanding contracts	Average strike rate		Nominal amounts		Carrying value	
	(£ in million)					
	As at March 31 2019	As at March 31 2018	As at March 31 2019	As at March 31 2018	As at March 31 2019	As at March 31 2018
EURO						
<1 year	-	-	-	-	-	-
Between 1-5 years	-	-	-	-	-	-
>5 years	0.891	-	445.6	-	(133.05)	-
<b>Total foreign currency derivative instruments</b>			<b>17,924.1</b>	20,460.9	<b>(4,918.34)</b>	(3,196.0)
<b>Debt instruments denominated in foreign currency</b>						
USD						
< 1 year	0.736	0.673	735.8	471.0	(6,950.58)	(4,614.23)
Between 1-5 years	0.000	0.736	-	735.8	-	(6,561.44)
<b>Total debt instruments denominated in foreign currency</b>			<b>735.8</b>	1,206.8	<b>(6,950.58)</b>	(11,175.67)

## Cash flow hedges of interest rate risk arising on floating rate borrowings

	Average strike rate		Nominal amounts		Carrying value	
	(USD in million)					
	As at March 31 2019	As at March 31 2018	As at March 31 2019	As at March 31 2018	As at March 31 2019	As at March 31 2018
Interest rate swaps linked to LIBOR						
>5 years	2.86%	-	237.5	-	(57.57)	-
<b>Total derivatives designated in hedge relationship</b>					<b>(4,975.9)</b>	(3,196.0)
<b>Total debt instruments designated in hedge relationship</b>					<b>(6,950.6)</b>	(11,175.7)

## 42. Segment reporting

The Company primarily operates in the automotive segment. The automotive segment includes all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories. The Company provides financing for vehicles sold by dealers in India. The vehicle financing is intended to drive sale of vehicles by providing financing to the dealers' customers and as such is an integral part of automotive business. The operating results for Vehicle Financing has been adjusted only for finance cost for the borrowings sourced by this segment.

A core recent initiative of the Company was the implementation of the Organisation Effectiveness (OE) program, a strategic program designed to overhaul and transform the Company. Pursuant to the changes implemented as a result of the OE program, the Company has drawn separate strategies for commercial vehicles, passenger vehicles and financing business from Fiscal 2019. Consequent to these changes, the automotive segments has the following four reportable segments commencing Fiscal 2019:

- Automotive: The Automotive segment consists of four reportable sub-segments: Tata Commercial Vehicles, Tata Passenger Vehicles, Jaguar Land Rover and Vehicle Financing.
- Others: Others consist of IT services and machine tools and factory automation solutions.

This segment information is provided to and reviewed by Chief Operating Decision Maker (CODM).

The reportable segment information for the corresponding previous period reported has been updated to make it comparable.

# Notes Forming Part of Consolidated Financial Statements

(₹ in crores)

Particulars	For the year ended/as at March 31, 2019										
	Automotive and related activity					Others					Total
	Tata and other brand vehicles <sup>1</sup>		Vehicle Financing		Jaguar Land Rover eliminations	Total		Inter-segment eliminations		Total	
Commercial Vehicles	Passenger Vehicles	Unallocable	Total	Financing	Land Rover eliminations	Intra-segment eliminations	Total	Inter-segment eliminations	Total		
Revenues:											
External revenue	58,137.10	14,390.34	110.60	72,638.04	3,503.99	223,513.58	-	299,655.61	2,282.79	-	301,938.40
Inter-segment/intra-segment revenue	-	79.46	-	79.46	196.19	-	(275.65)	-	1,343.28	(1,343.28)	-
<b>Total revenues</b>	<b>58,137.10</b>	<b>14,469.80</b>	<b>110.60</b>	<b>72,717.50</b>	<b>3,700.18</b>	<b>223,513.58</b>	<b>(275.65)</b>	<b>299,655.61</b>	<b>3,626.07</b>	<b>(1,343.28)</b>	<b>301,938.40</b>
Earnings before other income (excluding incentives), finance costs, foreign exchange gain/(loss) (net), exceptional items and tax:											
Finance costs pertaining to borrowings sourced by vehicle financing segment	4,116.16	(1,387.79)	(362.97)	2,365.40	2,301.84	(1,278.47)	-	3,388.77	505.44	(120.18)	3,774.03
<b>Segment results</b>	4,116.16	(1,387.79)	(362.97)	2,365.40	(313.81)	(1,278.47)	-	773.12	505.44	(120.18)	1,158.38
<b>Reconciliation to Profit before tax:</b>											
Other income(excluding incentives)											1,170.89
Finance costs (excluding pertaining to borrowings sourced by vehicle financing segment)					(2,615.65)			(2,615.65)			(2,615.65)
Foreign exchange gain/(loss) (net)											(3,142.95)
Exceptional items gain/(loss) (net)	(556.53)	(118.04)	376.07	(298.50)	-	(29,353.06)	-	(29,651.56)	-	-	(29,651.56)
<b>Profit before tax</b>											<b>(31,371.15)</b>
Depreciation and amortisation expense	1,664.87	1,416.15	152.43	3,233.45	18.65	20,212.58	-	23,464.68	161.71	(35.76)	23,590.63
Capital expenditure	2,120.38	3,032.46	76.35	5,229.19	71.96	31,268.07	-	36,569.22	66.45	-	36,635.67
Share of profit/(loss) of equity accounted investees (net)	-	-	41.67	41.67	(0.72)	75.37	-	116.32	93.18	-	209.50
<b>Segment assets</b>	26,927.43	19,446.38	1,648.49	48,022.30	38,261.58	170,433.61	-	256,717.49	2,003.74	(1,225.25)	257,495.98
Assets classified as held for sale	-	-	162.24	162.24	-	-	-	162.24	-	-	162.24
Investment in equity accounted investees	-	-	422.54	422.54	2.67	4,318.17	-	4,743.38	-	-	4,743.38
Investment in equity accounted investees (held for sale)	-	-	-	-	-	-	-	-	591.50	-	591.50
<b>Reconciliation to total assets:</b>											
Other Investments											10,435.84
Current and non-current tax assets (net)											1,208.93
Deferred tax assets (net)											5,151.11
Other unallocated financial assets <sup>2</sup>											27,405.55
<b>Total assets</b>	15,937.65	3,687.73	1,752.13	21,377.51	711.43	107,296.26	(337.65)	129,047.55	529.07	(252.06)	129,324.56
<b>Segment liabilities</b>											
Liabilities classified as held-for-sale											-
<b>Reconciliation to total liabilities:</b>											
Borrowings											106,175.34
Current tax liabilities (net)											1,017.64
Deferred tax liabilities (net)											1,491.04
Other unallocated financial liabilities <sup>3</sup>											8,483.33
<b>Total liabilities</b>											<b>246,491.91</b>

1. Tata and other brand vehicles include Tata Daewoo and Fiat brand vehicles.  
 2. Includes interest-bearing loans and deposits and accrued interest income.  
 3. Includes interest accrued and other interest bearing liabilities.



# Notes Forming Part of Consolidated Financial Statements

(₹ in crores)

Particulars	For the year ended/as at March 31, 2018										
	Automotive and related activity					Others					Total
	Tata and other brand vehicles <sup>1</sup>		Vehicle Financing		Jaguar Land Rover eliminations	Total		Inter-segment eliminations		Total	
Commercial Vehicles	Passenger Vehicles	Unallocable	Total	Vehicle Financing	Jaguar Land Rover eliminations	Intra-segment eliminations	Total	Inter-segment eliminations	Total		
<b>Revenues:</b>											
External revenue	49,373.55	13,190.78	169.69	62,734.02	2,800.22	224,831.05	-	290,365.29	1,975.35	-	292,340.64
Inter-segment/intra-segment revenue	-	151.26	-	151.26	-	-	(131.91)	19.35	1,277.01	(1,296.36)	-
<b>Total revenues</b>	<b>49,373.55</b>	<b>13,342.04</b>	<b>169.69</b>	<b>62,885.28</b>	<b>2,800.22</b>	<b>224,831.05</b>	<b>(131.91)</b>	<b>290,384.64</b>	<b>3,252.36</b>	<b>(1,296.36)</b>	<b>292,340.64</b>
Earnings before other income (excluding incentives), finance costs, foreign exchange gain/(loss) (net), exceptional items and tax:											
Finance costs pertaining to borrowings sourced by vehicle financing segment	3,595.32	(3,045.92)	(254.13)	295.27	1,808.31	9,408.80	-	11,512.38	422.32	(147.19)	11,787.51
<b>Segment results</b>	3,595.32	(3,045.92)	(254.13)	295.27	(96.99)	9,408.80	-	9,607.08	422.32	(147.19)	9,882.21
<b>Reconciliation to Profit before tax:</b>											
Other income(excluding incentives)											888.89
Finance costs (excluding pertaining to borrowings sourced by vehicle financing segment)											(2,776.49)
Foreign exchange gain/(loss) (net)	(166.66)	(800.00)	-	(966.66)	-	2,941.80	-	1,975.14	-	-	1,975.14
<b>Profit before tax</b>	1,589.97	1,486.33	145.74	3,222.04	18.34	18,257.09	-	21,497.47	56.12	-	21,553.59
Depreciation and amortisation expense	1,402.40	1,977.59	85.98	3,465.77	47.15	39,093.99	-	42,606.91	84.16	(18.78)	42,672.29
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Share of profit/(loss) of equity accounted investees (net)	-	-	30.18	30.18	-	2,138.92	-	2,169.10	109.16	-	2,278.26
<b>Segment assets</b>	27,903.07	16,400.05	2,583.51	46,886.63	27,653.16	199,513.67	(1,140.94)	272,912.52	13.26	(886.02)	272,039.76
Assets classified as held for sale	-	-	223.33	223.33	-	-	-	223.33	2,756.91	(395.05)	2,585.19
Investment in equity accounted investees	-	-	385.50	385.50	-	4,502.39	-	4,887.89	-	-	4,887.89
Investment in equity accounted investees (held for sale)	-	-	-	-	-	-	-	-	497.35	-	497.35
<b>Reconciliation to total assets:</b>											
Other investments											15,427.51
Current and non-current income tax assets											1,108.81
Deferred income taxes											4,158.70
Other unallocated financial assets <sup>2</sup>											30,645.30
<b>Total assets</b>	14,714.92	3,137.17	2,719.83	20,571.92	724.40	107,864.26	(997.60)	128,162.98	84.01	(315.22)	127,931.77
<b>Segment liabilities</b>	-	-	-	-	-	-	-	-	1,070.18	-	1,070.18
Liabilities classified as held-for-sale											88,950.47
<b>Reconciliation to total liabilities:</b>											
Borrowings											1,559.07
Current income tax liabilities											6,125.80
Deferred income taxes											9,760.25
Other unallocated financial liabilities <sup>3</sup>											235,397.54
<b>Total liabilities</b>	-	-	-	-	-	-	-	-	1,070.18	-	1,070.18

1. Tata and other brand vehicles include Tata Daewoo and Fiat brand vehicles.  
2. Includes interest-bearing loans and deposits and accrued interest income.  
3. Includes interest accrued and other interest-bearing liabilities.



# Notes Forming Part of Consolidated Financial Statements

## Entity-wide disclosures

Information concerning principal geographic areas is as follows:

### Net sales to external customers by geographic area by location of customers:

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) India	68,087.44	58,659.18
(b) United States of America	52,472.91	44,991.88
(c) United Kingdom	49,113.81	50,456.60
(d) Rest of Europe	49,814.17	46,393.27
(e) China	30,414.75	42,635.26
(f) Rest of the World	52,035.32	49,204.45
<b>Total</b>	<b>301,938.40</b>	<b>292,340.64</b>

### Non-current assets (Property, plant and equipment, Intangible assets, other non-current assets and Goodwill) by geographic area:

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) India	29,626.94	27,222.38
(b) United States of America	291.99	299.00
(c) United Kingdom	101,436.47	124,201.80
(d) Rest of Europe	9,470.80	7,242.06
(e) China	140.92	166.11
(f) Rest of the World	2,513.76	2,697.73
<b>Total</b>	<b>143,480.88</b>	<b>161,829.08</b>

### Information about product revenues:

	(₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Tata and Fiat vehicles	68,870.87	58,093.58
(b) Tata Daewoo commercial vehicles	3,911.66	4,828.79
(c) Finance revenues	3,399.55	2,604.03
(d) Jaguar Land Rover vehicles	223,513.58	224,831.05
(e) Others	2,242.74	1,983.19
<b>Total</b>	<b>301,938.40</b>	<b>292,340.64</b>

# Notes Forming Part of Consolidated Financial Statements

## 43. Related-party transactions

The Company's related parties principally consist of Tata Sons Private Limited, subsidiaries and joint ventures of Tata Sons Private Limited, the Company's associates and their subsidiaries, joint operations and joint ventures of the Company. 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 associates, joint operations and joint ventures. Transactions and balances with its own subsidiaries are eliminated on consolidation.

The following table summarises related-party transactions and balances included in the consolidated financial statements for the year ended/as at March 31, 2019:

(₹ in crores)

Particulars	Associates and its subsidiaries	Joint ventures	Joint operations	Tata Sons Pvt Ltd, its subsidiaries and joint arrangements	Total
Purchase of products	2,369.10	2.46	3,940.77	202.80	<b>6,515.13</b>
Sale of products	328.40	2,946.55	825.32	828.10	<b>4,928.37</b>
Services received	46.20	1.13	-	1,866.80	<b>1,914.13</b>
Services rendered	21.70	765.32	6.04	116.30	<b>909.36</b>
Bills discounted	-	-	-	5,493.78	<b>5,493.78</b>
Purchase of property, plant and equipment	13.50	-	-	0.80	<b>14.30</b>
Purchase of Investments	7.20	-	-	-	<b>7.20</b>
Sale of Investments	-	-	-	533.35	<b>533.35</b>
Interest (income)/expense, dividend (income)/paid, (net)	(12.40)	(199.13)	(26.22)	23.10	<b>(214.65)</b>
Finance given (including loans and equity)	-	5.75	-	-	<b>5.75</b>
Finance taken (including loans and equity)	177.00	-	-	-	<b>177.00</b>
Finance taken, paid back (including loans and equity)	210.00	-	-	-	<b>210.00</b>
Amounts receivable in respect of loans and interest thereon	-	3.75	-	3.80	<b>7.55</b>
Amounts payable in respect of loans and interest thereon	23.00	-	-	3.60	<b>26.60</b>
Trade and other receivables	55.60	132.15	-	198.80	<b>386.55</b>
Trade payables	304.30	2.59	246.10	372.90	<b>925.89</b>
Acceptances	-	-	-	69.13	<b>69.13</b>

## Notes Forming Part of Consolidated Financial Statements

The following table summarises related-party transactions included in the consolidated financial statements for the year ended/as at March 31, 2018:

Particulars	(₹ in crores)				
	Associates and its subsidiaries	Joint ventures	Joint operations	Tata Sons Pvt Ltd, its subsidiaries and joint arrangements	Total
Purchase of products	2,605.70	-	3,163.10	171.30	<b>5,940.10</b>
Sale of products	201.60	6,008.21	545.49	709.10	<b>7,464.40</b>
Services received	8.90	550.09	0.16	1,735.30	<b>2,294.45</b>
Services rendered	19.00	1,207.72	4.34	24.10	<b>1,255.16</b>
Bills discounted	-	-	-	4,135.03	<b>4,135.03</b>
Purchase of property, plant and equipment	62.40	-	-	0.20	<b>62.60</b>
Purchase of Investments	-	2.50	-	-	<b>2.50</b>
Interest (income)/expense, dividend (income)/paid, (net)	(9.50)	(1,764.49)	(4.60)	26.30	<b>(1,752.29)</b>
Finance taken (including loans and equity)	489.00	-	-	-	<b>489.00</b>
Finance taken, paid back (including loans and equity)	489.00	-	-	-	<b>489.00</b>
Amounts receivable in respect of loans and interest thereon	-	-	-	4.00	<b>4.00</b>
Amounts payable in respect of loans and interest thereon	56.00	-	-	4.80	<b>60.80</b>
Trade and other receivables	63.30	1,037.14	(0.07)	151.10	<b>1,251.47</b>
Trade payables	149.60	0.25	184.88	335.70	<b>670.43</b>
Acceptances	-	-	-	220.16	<b>220.16</b>
Deposits given as security	-	-	-	3.00	<b>3.00</b>

**Note:** With the introduction of GST from July 1, 2017, the related party transactions reported does not include indirect tax component. The previous year figures to that extent is not comparable.

### Details of significant transactions are given below:

Particulars	Nature of relationship	Year ended	
		March 31, 2019	March 31, 2018
<b>i) Services rendered</b>			
Chery Jaguar Land Rover Automotive Company Limited	Joint ventures	765.32	1,207.72
<b>ii) Bill discounted</b>			
Tata Capital	Tata Sons Pvt Ltd, its subsidiaries and joint arrangements	5,493.78	4,135.03
<b>iii) Sale of Investment in a Subsidiary company</b>			
Tata Advanced Systems Ltd. (TASL)	Tata Sons Pvt Ltd, its subsidiaries and joint arrangements	533.35	-

# Notes Forming Part of Consolidated Financial Statements

## Compensation of key management personnel:

Particulars	₹ in crores)	
	Year ended March 31, 2019	Year ended March 31, 2018
Short-term benefits	63.39	79.84
Post-employment benefits*	5.46	1.76
Share based payment	0.44	-

The compensation of CEO and Managing Director is ₹26.32 crores and ₹26.42 crores for the year ended March 31, 2019 and 2018, respectively.

The compensation of CEO at Jaguar Land Rover is ₹31.82 crores and ₹40.08 crores for the year ended March 31, 2019 and 2018, respectively.

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

Refer note 37 of information on transactions with post-employment benefit plans.

## 44. Earnings per Share ("EPS")

		Year ended March 31, 2019	Year ended March 31, 2018
(a) Profit / (Loss) for the period	₹ crores	(28,826.23)	8,988.91
(b) The weighted average number of Ordinary shares for Basic EPS	Nos.	2,887,348,474	2,887,348,357
(c) The weighted average number of 'A' Ordinary shares for Basic EPS	Nos.	508,502,371	508,502,336
(d) The nominal value per share (Ordinary and 'A' Ordinary)	₹	2.00	2.00
(e) Share of profit / (loss) for Ordinary shares for Basic EPS	₹ crores	(24,509.73)	7,638.57
(f) Share of profit / (loss) for 'A' Ordinary shares for Basic EPS*	₹ crores	(4,316.50)	1,350.34
(g) Earnings Per Ordinary share (Basic)	₹	(84.89)	26.46
(h) Earnings Per 'A' Ordinary share (Basic)	₹	(84.89)	26.56
(i) Profit after tax for Diluted EPS	₹ crores	#	8,988.91
(j) The weighted average number of Ordinary shares for Basic EPS	Nos.	#	2,887,348,357
(k) Add: Adjustment for Options relating to warrants and shares held in abeyance	Nos.	#	494,469
(l) The weighted average number of Ordinary shares for Diluted EPS	Nos.	#	2,887,842,826
(m) The weighted average number of 'A' Ordinary shares for Basic EPS	Nos.	#	508,502,336
(n) Add: Adjustment for 'A' Ordinary shares held in abeyance	Nos.	#	233,774
(o) The weighted average number of 'A' Ordinary shares for Diluted EPS	Nos.	#	508,736,110
(p) Share of profit for Ordinary shares for Diluted EPS	₹ crores	#	7,638.23
(q) Share of profit for 'A' Ordinary shares for Diluted EPS*	₹ crores	#	1,350.68
(r) Earnings Per Ordinary share (Diluted)	₹	(84.89)	26.45
(s) Earnings Per 'A' Ordinary share (Diluted)	₹	(84.89)	26.55

\* 'A' Ordinary shareholders are entitled to receive dividend at 5 percentage 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, 2019 potential equity shares are not considered as dilutive and hence Diluted EPS is same as Basic EPS.

### Note :

Employee Stock options are not considered to be dilutive based on the average market price of ordinary shares during the period.

# Notes Forming Part of Consolidated Financial Statements

## 45. Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiary / Associates / Joint Ventures

(₹ in crores)

Name of enterprises	As % of consolidated net assets	Net Assets (total assets minus total liabilities)	As % of consolidated profit or loss	Share of profit or (loss)	As % of consolidated OCI	Share of OCI	As % of comprehensive income	Amount
<b>Parent</b>								
Tata Motors Ltd	35.82%	21,558.50	(6.60)%	1,903.94	0.41%	(23.05)	(5.47)%	1,880.89
<b>Subsidiaries</b>								
<b>Indian</b>								
TAL Manufacturing Solutions Ltd (Till March 29, 2019)	0.00%	-	(0.20)%	56.60	0.00%	-	(0.16)%	56.60
Concorde Motors (India) Ltd	0.01%	6.43	0.37%	(105.69)	(0.00)%	0.11	0.31%	(105.58)
Tata Motors Finance Ltd	4.93%	2,966.77	(0.71)%	203.88	(0.10)%	5.53	(0.61)%	209.41
Tata Technologies Ltd	1.26%	759.25	(0.66)%	191.18	(0.04)%	2.15	(0.56)%	193.33
Tata Motors Insurance Broking & Advisory Services Ltd	0.06%	33.12	(0.06)%	17.89	(0.00)%	0.20	(0.05)%	18.09
TML Distribution Company Ltd	0.67%	400.96	(0.16)%	46.50	(0.00)%	0.03	(0.14)%	46.53
TMF Holdings Limited	7.00%	4,213.78	(0.01)%	3.69	0.00%	(0.03)	(0.01)%	3.66
Tata Motors Financial Solutions Ltd	1.92%	1,158.21	(0.34)%	99.43	(0.01)%	0.51	(0.29)%	99.94
Tata Marcopolo Motors Ltd	0.22%	132.03	(0.04)%	12.97	0.03%	(1.83)	(0.03)%	11.14
Jaguar Land Rover India Limited	0.43%	259.96	0.08%	(23.00)	(0.31)%	17.02	0.02%	(5.98)
<b>Foreign</b>								
Tata Daewoo Commercial Vehicle Co. Ltd	3.80%	2,284.59	0.62%	(179.12)	0.17%	(9.50)	0.55%	(188.62)
Tata Motors European Technical Centre Plc	0.51%	308.20	0.10%	(27.81)	0.00%	-	0.08%	(27.81)
Tata Motors (SA) (Proprietary) Ltd	0.02%	14.43	(0.00)%	1.34	(0.02)%	1.37	(0.01)%	2.71
Tata Motors (Thailand) Ltd	(1.09)%	(658.14)	1.74%	(501.18)	0.49%	(27.05)	1.54%	(528.23)
TML Holdings Pte Ltd, Singapore	15.85%	9,540.38	(4.65)%	1,339.07	(6.81)%	379.80	(5.00)%	1,718.87
Tata Hispano Motors Carrocera S.A	(1.26)%	(755.61)	0.07%	(20.12)	0.00%	-	0.06%	(20.12)
Tata Hispano Motors Carroceries Maghreb	(0.06)%	(36.25)	0.00%	(0.55)	0.00%	-	0.00%	(0.55)
Trilix S.r.l	0.04%	26.37	0.07%	(21.26)	0.00%	-	0.06%	(21.26)
Tata Precision Industries Pte Ltd	(0.00)%	(0.21)	0.00%	(1.08)	0.00%	-	0.00%	(1.08)
PT Tata Motors Indonesia	0.35%	213.03	0.01%	(2.11)	0.00%	-	0.01%	(2.11)
INCAT International Plc.	0.07%	44.18	(0.00)%	0.84	0.02%	(0.87)	0.00%	(0.03)
Tata Technologies Inc.	0.64%	386.62	(0.04)%	11.39	(0.37)%	20.87	(0.09)%	32.26
Tata Technologies de Mexico, S.A. de C.V.	0.01%	5.80	0.00%	(0.56)	0.01%	(0.48)	0.00%	(1.04)

# Notes Forming Part of Consolidated Financial Statements

(₹ in crores)

Name of enterprises	As % of consolidated net assets	Net Assets (total assets minus total liabilities)	As % of consolidated profit or loss	Share of profit or (loss)	As % of consolidated OCI	Share of OCI	As % of comprehensive income	Amount
Cambric Limited, Bahamas	0.03%	19.35	0.00%	(0.89)	0.00%	-	0.00%	(0.89)
Cambric GmbH (in process of liquidation)	0.00%	1.83	0.00%	(0.06)	0.00%	(0.20)	0.00%	(0.26)
Tata Technolgies SRL, Romania	0.07%	39.61	(0.05)%	14.31	0.06%	(3.09)	(0.03)%	11.21
Tata Manufacturing Technologies Consulting (Shanghai) Limited	0.10%	60.50	(0.08)%	22.06	0.01%	(0.45)	(0.06)%	21.61
Tata Technologies Europe Limited	1.35%	813.07	(0.40)%	114.94	0.36%	(19.92)	(0.28)%	95.02
Escenda Engineering AB	0.00%	0.48	0.01%	(2.45)	(0.05)%	2.76	(0.00)%	0.31
INCAT GmbH (in process of liquidation)	0.03%	17.68	(0.00)%	0.28	0.01%	(0.71)	0.00%	(0.44)
Tata Technologies (Thailand) Limited	0.02%	11.90	(0.00)%	1.28	(0.01)%	0.52	(0.01)%	1.80
TATA Technologies Pte Ltd.	1.28%	771.88	(0.01)%	1.78	(0.79)%	43.93	(0.13)%	45.71
Jaguar Land Rover Automotive plc	31.84%	19,162.09	(0.14)%	40.02	0.00%	-	(0.12)%	40.02
Jaguar Land Rover Limited (formerly known as Land Rover Holdings Ltd.)	119.88%	72,146.08	108.05%	(31,146.30)	64.61%	(3,602.44)	101.01%	(34,748.74)
Jaguar Land Rover Holdings Limited	67.91%	40,868.11	(0.72)%	206.76	0.00%	-	(0.60)%	206.76
JLR Nominee Company Limited	0.00%	0.00	0.00%	-	0.00%	-	0.00%	-
Jaguar Land Rover (South Africa) Holdings Limited	3.02%	1,819.27	(0.43)%	123.09	0.00%	-	(0.36)%	123.09
Jaguar Cars Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Land Rover Exports Limited (Business transferred to Jaguar Land Rover Exports Ltd)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
The Lanchester Motor Company Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
The Daimler Motor Company Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
S S Cars Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Daimler Transport Vehicles Limited	0.02%	13.58	0.00%	-	0.00%	-	0.00%	-
The Jaguar Collection Limited (Dissolved June 19, 2018)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Jaguar Land Rover Pension Trustees Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Jaguar Cars (South Africa) (Pty) Ltd	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Jaguar Land Rover Slovakia s.r.o.	8.44%	5,079.43	(0.60)%	173.81	1.89%	(105.12)	(0.20)%	68.69
Jaguar Racing Limited	0.02%	14.30	(0.01)%	4.31	0.00%	-	(0.01)%	4.31
InMotion Ventures Limited	0.18%	107.50	(0.60)%	171.72	0.00%	-	(0.50)%	171.72
InMotion Ventures 1 Limited	(0.00)%	(1.35)	0.00%	(1.33)	0.00%	-	0.00%	(1.33)

## Notes Forming Part of Consolidated Financial Statements

(₹ in crores)

Name of enterprises	As % of consolidated net assets	Net Assets (total assets minus total liabilities)	As % of consolidated profit or loss	Share of profit or (loss)	As % of consolidated OCI	Share of OCI	As % of comprehensive income	Amount
InMotion Ventures 2 Limited	(0.03)%	(16.00)	0.05%	(15.53)	0.00%	-	0.05%	(15.53)
InMotion Ventures 3 Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
InMotion Ventures 4 Limited (Incorporated w.e.f January 4, 2019)	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Land Rover Ireland (Services) Limited	0.01%	6.25	(0.02)%	4.44	(0.00)%	0.21	(0.01)%	4.65
Spark44 (JV) Ltd	0.41%	248.89	0.02%	(4.43)	0.00%	-	0.01%	(4.43)
Spark44 Limited (London & Birmingham)	0.00%	-	(0.10)%	29.70	0.00%	-	(0.09)%	29.70
Spark44 Pty Ltd (Sydney)	0.00%	-	(0.01)%	2.32	(0.01)%	0.44	(0.01)%	2.76
Spark44 GmbH (Frankfurt)	0.00%	-	(0.02)%	5.90	(0.02)%	1.12	(0.02)%	7.02
Spark44 GLLC (LA & NYC)	0.00%	-	(0.02)%	6.68	(0.02)%	1.27	(0.02)%	7.95
Spark44 Limited (Shanghai)	0.00%	-	(0.03)%	7.35	(0.03)%	1.40	(0.03)%	8.75
Spark44 Middle East DMCC (Dubai)	0.00%	-	(0.05)%	15.11	(0.05)%	2.87	(0.05)%	17.98
Spark44 Demand Creation Partners Pte Ltd (Mumbai)	0.00%	-	0.00%	(0.26)	0.00%	(0.05)	0.00%	(0.31)
Spark44 Pte Ltd (Singapore)	0.00%	-	(0.00)%	1.17	(0.00)%	0.22	(0.00)%	1.39
Spark44 Communications SL (Madrid)	0.00%	-	(0.01)%	2.08	(0.01)%	0.40	(0.01)%	2.48
Spark44 SRL (Rome)	0.00%	-	0.00%	(0.85)	0.00%	(0.16)	0.00%	(1.01)
Spark44 Limited (Seoul)	0.00%	-	(0.00)%	1.33	(0.00)%	0.25	(0.00)%	1.58
Spark44 K.K. (Tokyo)	0.00%	-	(0.00)%	1.18	(0.00)%	0.22	(0.00)%	1.40
Spark44 Canada Inc (Toronto)	0.00%	-	(0.00)%	0.43	(0.00)%	0.08	(0.00)%	0.51
Spark44 South Africa (Pty) Limited	0.00%	-	(0.00)%	0.40	(0.00)%	0.08	(0.00)%	0.48
Spark44 Colombia S.A.S (Colombia) (Incorporated w.e.f. May 10,2018)	(0.00)%	(0.20)	0.00%	(0.20)	0.00%	(0.23)	0.00%	(0.43)
Spark44 Taiwan Limited (Taiwan) (Incorporated w.e.f. May 7,2018)	0.00%	0.19	(0.00)%	0.19	(0.00)%	0.22	(0.00)%	0.41
Limited Liability Company Jaguar Land Rover (Russia)	1.01%	610.74	(0.67)%	193.52	0.00%	-	(0.56)%	193.52
Jaguar Land Rover (China) Investment Co Ltd (previously Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd )	24.85%	14,954.59	(2.60)%	750.16	0.00%	-	(2.18)%	750.16
Shanghai Jaguar Land Rover Automotive Service Co. Ltd	(0.01)%	(4.84)	(0.04)%	11.61	0.00%	-	(0.03)%	11.61
Jaguar Land Rover Colombia SAS	(0.03)%	(20.94)	0.01%	(2.61)	0.00%	-	0.01%	(2.61)
Jaguar Landrover Mexico S.A.P I de C.V	0.07%	43.85	(0.03)%	7.21	0.00%	-	(0.02)%	7.21

# Notes Forming Part of Consolidated Financial Statements

(₹ in crores)

Name of enterprises	As % of consolidated net assets	Net Assets (total assets minus total liabilities)	As % of consolidated profit or loss	Share of profit or (loss)	As % of consolidated OCI	Share of OCI	As % of comprehensive income	Amount
Jaguar Landrover Services Mexico S.A.C.V	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Jaguar Land Rover France SAS	0.09%	52.52	(0.05)%	14.82	0.00%	-	(0.04)%	14.82
Jaguar Land Rover Portugal-Veiculos e Pecas, Lda.	0.07%	42.10	(0.08)%	24.17	0.00%	-	(0.07)%	24.17
Jaguar Land Rover Espana SL (merged company following the absorption of Jaguar Hispania, S.L.U by Land Rover Espana, S.L.U)	0.67%	405.44	(0.09)%	25.82	(0.03)%	1.53	(0.08)%	27.35
Jaguar Land Rover Italia SpA	0.40%	242.34	(0.09)%	24.81	0.00%	-	(0.07)%	24.81
Land Rover Ireland Limited - (no longer a trading NSC)	0.01%	6.02	0.00%	(0.43)	(0.03)%	1.86	(0.00)%	1.43
Jaguar Land Rover Korea Co. Ltd.	0.37%	220.16	(0.30)%	87.56	0.00%	-	(0.25)%	87.56
Jaguar Land Rover Deutschland GmbH	0.93%	556.98	(0.30)%	86.03	0.00%	-	(0.25)%	86.03
Jaguar Land Rover Austria GmbH	0.09%	54.53	(0.06)%	17.27	0.00%	-	(0.05)%	17.27
Jaguar Land Rover Australia Pty Limited	0.41%	249.36	(0.37)%	106.99	0.00%	-	(0.31)%	106.99
Jaguar Land Rover North America, LLC.	3.89%	2,342.29	(2.64)%	760.11	(0.00)%	0.02	(2.21)%	760.13
Jaguar Land Rover Japan Limited	0.47%	282.16	(0.24)%	68.53	0.00%	-	(0.20)%	68.53
Jaguar Land Rover Canada, ULC	0.41%	247.31	(0.19)%	54.24	0.00%	-	(0.16)%	54.24
Jaguar e Land Rover Brasil Indústria e Comércio de Veículos LTDA	0.86%	518.73	(0.18)%	50.91	0.00%	-	(0.15)%	50.91
Jaguar Land Rover Belux N.V. (following the merger of Jaguar Belux and Land Rover Belux)	0.08%	48.51	(0.08)%	24.26	0.00%	-	(0.07)%	24.26
Jaguar Land Rover Nederland BV	0.05%	30.06	(0.08)%	24.30	0.00%	-	(0.07)%	24.30
Jaguar Land Rover (South Africa) (Pty) Limited	0.07%	40.41	0.05%	(14.67)	0.00%	-	0.04%	(14.67)
Jaguar Land Rover Singapore Pte. Ltd	0.03%	20.22	(0.05)%	15.10	0.00%	-	(0.04)%	15.10
Jaguar Land Rover Taiwan Company Pte. Ltd	(0.04)%	(22.60)	0.10%	(29.17)	0.00%	-	0.08%	(29.17)
Jaguar Land Rover Hungary KFT (Incorporated w.e.f July 30, 2018)	0.00%	0.58	(0.00)%	0.46	(0.00)%	0.03	(0.00)%	0.49
Jaguar Land Rover Classic Deutschland GmbH (Incorporated w.e.f. August 10, 2018)	0.03%	16.76	0.01%	(2.81)	0.01%	(0.57)	0.01%	(3.38)
Jaguar Land Rover Classic USA LLC (Incorporated w.e.f June 1, 2018)	0.00%	-	0.00%	-	0.00%	-	0.00%	-



# Notes Forming Part of Consolidated Financial Statements

(₹ in crores)

Name of enterprises	As % of consolidated net assets	Net Assets (total assets minus total liabilities)	As % of consolidated profit or (loss)	Share of profit or (loss)	As % of consolidated OCI	Share of OCI	As % of comprehensive income	Amount
Tata Daewoo Commercial Vehicle Sales and Distribution Co. Ltd.	0.03%	20.88	0.00%	(1.07)	(0.04)%	2.16	(0.00)%	1.09
PT Tata Motors Distribusi Indonesia	(0.01)%	(8.03)	0.09%	(25.09)	0.00%	-	0.07%	(25.09)
TMNL Motor Services Nigeria Ltd	(0.00)%	(0.18)	0.00%	(0.14)	0.00%	-	0.00%	(0.14)
<b>Minority Interests in all subsidiaries</b>								
<b>Indian</b>								
Tata Marcopolo Motors Ltd	(0.11)%	(64.54)	0.02%	(6.36)	(0.02)%	0.89	0.02%	(5.47)
Tata Technologies Ltd	(0.74)%	(442.56)	0.29%	(82.79)	0.05%	(2.59)	0.25%	(85.38)
<b>Foreign</b>								
Tata Motors (SA) (Proprietary) Ltd	(0.01)%	(5.78)	0.00%	(0.53)	(0.02)%	0.84	(0.00)%	0.31
Tata Precision Industries Pte Ltd	0.00%	0.03	(0.00)%	0.23	0.00%	-	(0.00)%	0.23
Spark 44 Ltd	(0.10)%	(59.77)	0.12%	(33.28)	0.00%	-	0.10%	(33.28)
Tata Motors (Thailand) Limited	0.08%	49.56	(0.07)%	20.70	(0.02)%	1.13	(0.06)%	21.83
<b>Joint operations</b>								
<b>Indian</b>								
Fiat India Automobiles Private Limited	2.96%	1,782.30	(0.33)%	95.10	0.01%	(0.32)	(0.28)%	94.78
Tata Cummins Private Ltd	0.87%	523.25	(0.44)%	127.80	0.00%	(0.05)	(0.37)%	127.75
Adjustments arising out of consolidation	(252.47)%	(151,934.59)	14.62%	(4,215.09)	39.84%	(2,221.38)	18.71%	(6,436.47)
<b>Sub - total ( a )</b>		<b>54,844.68</b>		<b>(29,035.73)</b>		<b>(5,528.04)</b>		<b>(34,563.77)</b>
<b>Joint ventures (as per proportionate consolidation / investment as per the equity method)</b>								
<b>Indian</b>								
JT Special Vehicle (P) Ltd	0.00%	-	0.01%	(2.50)	0.00%	-	0.01%	(2.50)
Tata HAL Technologies Ltd.	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Foreign</b>								
Chery Jaguar Land Rover Automotive Co Ltd	7.14%	4,295.54	(0.35)%	100.94	1.00%	(55.78)	(0.13)%	45.16
<b>Sub - total ( b )</b>		<b>4,295.54</b>		<b>98.44</b>		<b>(55.78)</b>		<b>42.66</b>

# Notes Forming Part of Consolidated Financial Statements

(₹ in crores)

Name of enterprises	As % of consolidated net assets	Net Assets (total assets minus total liabilities)	As % of consolidated (profit) or loss	Share of profit or (loss)	As % of consolidated OCI	Share of OCI	As % of comprehensive income	Amount
<b>Associates (Investment as per the equity method)</b>								
<b>Indian</b>								
Tata AutoComp Systems Ltd	0.41%	243.88	(0.11)%	31.90	(0.19)%	10.54	(0.12)%	42.44
Automobile Corporation of Goa Ltd	0.24%	144.60	(0.03)%	9.06	0.01%	(0.35)	(0.03)%	8.71
Tata Hitachi Construction Machinery Company Private Ltd	0.98%	591.50	(0.32)%	93.18	(0.02)%	0.96	(0.27)%	94.14
Lognomic Tech Solutions Private Limited (TruckEasy) (Acquired stake w.e.f. July 10, 2018)	0.00%	1.94	0.00%	(0.72)	0.00%	-	0.00%	(0.72)
<b>Foreign</b>								
Nita Company Ltd	0.06%	34.80	(0.01)%	3.22	(0.04)%	2.30	(0.02)%	5.52
Tata Precision Industries (India) Ltd	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Synaptiv Limited	0.00%	1.41	0.00%	-	0.00%	(0.03)	0.00%	(0.03)
CloudCar Inc	0.03%	16.35	0.09%	(25.69)	0.09%	(5.01)	0.09%	(30.70)
DriveClubService Pte. Ltd.	0.00%	1.74	(0.00)%	0.11	0.00%	(0.03)	(0.00)%	0.08
Jaguar Cars Finance Limited	0.01%	3.12	0.00%	-	0.00%	(0.06)	0.00%	(0.06)
<b>Sub - total ( c )</b>		<b>1,039.34</b>		<b>111.06</b>		<b>8.32</b>		<b>119.38</b>
<b>Total ( b + c )</b>		<b>5,334.88</b>	<b>100.00%</b>	<b>209.50</b>	<b>100.00%</b>	<b>(47.46)</b>	<b>100.00%</b>	<b>162.04</b>
<b>Total ( a + b + c )</b>	<b>100.00%</b>	<b>60,179.56</b>	<b>100.00%</b>	<b>(28,826.23)</b>	<b>100.00%</b>	<b>(5,575.50)</b>	<b>100.00%</b>	<b>(34,401.73)</b>

## Notes Forming Part of Consolidated Financial Statements

### 46. Other Notes

- (a) The following subsidiaries have been considered on unaudited basis. Details for the same as per individual entity's financials are as under :

(₹ in crores)

Particulars	Net Worth As at March 31, 2019	Total Revenue for the year ended March 31, 2019	Net Increase/ (Decrease) in Cash & Cash equivalent during 2018-2019
<b>Subsidiaries :</b>			
Trilix S.r.l	26.37	56.26	(17.65)
TML Holding Pte Ltd	9,540.38	-	97.28
Concorde Motors India Limited	6.43	1,215.08	94.58
Tata Motors European Technical Centre PLC	308.20	183.46	(1.38)
Tata Technologies de Mexico, S.A. de C.V.	5.80	18.96	(1.42)
INCAT International Plc.	44.18	-	(0.03)
INCAT GmbH.	17.68	-	(0.07)
Cambric Limited	19.35	-	1.37
Tata Technologies SRL Romania	39.61	75.06	8.86
Cambric GmbH	1.83	-	(0.12)
<b>Total</b>	<b>10,009.83</b>	<b>1,548.82</b>	<b>181.42</b>
For the year ended / as at March 31, 2018	9,714.24	1,305.66	568.38

- (b) As at March 31, 2019, certain assets of the Company related to defence business and investment in Tata Hitachi Construction Machinery Company Private Limited (equity accounted investees) are classified as "Held for Sale" as they meet the criteria laid out under Ind AS 105. Given the delay in completing the sale, the Company has reassessed the position on "Held for Sale" for the assets and liabilities of Tata Technologies Ltd. Accordingly, the Company concluded that these assets and liabilities no longer meets the criteria of "Held for Sale" as per Ind AS 105.
- (c) Exceptional debit of ₹**180.97 crores** and ₹1,641.38 crores for the year ended March 31, 2019 and 2018, respectively, relates to provision for impairment of certain intangibles under development and capital work-in-progress.
- (d) (i) The exceptional credit of ₹3,609.01 crores (GBP 437.40 million) for the year ended March 31, 2018, relates to the amendment of the Defined Benefit scheme of Jaguar Land Rover Automotive Plc. On April 3, 2017, Jaguar Land Rover Automotive Plc approved and communicated to its Defined Benefit scheme members that the Defined Benefit Scheme rules were to be amended with effect from April 6, 2017 so that amongst other changes, retirement benefit will be calculated on a career average basis rather than based upon a member's final salary at retirement. These changes were effective from April 6, 2017 and as a result of the re-measurement of the scheme's liabilities, the past service credit has been recognised in year ended March 31, 2018.
- (ii) During quarter ended December 31, 2018, the High Court in United Kingdom ruled that pension scheme are required to equalise male and female member's benefit for the inequalities within guaranteed minimum pension (GMP) earned between May 17, 1990 and April 5, 1997. Based on this, the Company reassessed its obligations under its existing Jaguar Land Rover pension plans and recorded an additional liability of an amount of ₹147.93 crores (GBP 16.5 million) as past services during the year ended March 31, 2019.
- (e) On July 31, 2018, the Company decided to cease its current manufacturing operations of Tata Motors Thailand Ltd. Accordingly, the relevant restructuring costs of ₹**381.01 crores** have been accounted in the year ended March 31, 2019.

# Notes Forming Part of Consolidated Financial Statements

- (f) During the year ended March 31, 2019, Jaguar Land Rover has announced a voluntary redundancy programme and accordingly had an exceptional charge of **₹1,367.22 crores** (GBP 149.40 million).
- (g) During the year ended March 31, 2019, the Company has sold investment in TAL Manufacturing Solutions Limited to Tata Advanced Systems Ltd (TASL).
- (h) Warranty cost recoverable from suppliers has been reclassified as other financial asset from Loans and Advances. Accordingly, previous year comparative amount of **₹828.52 crores** have also been reclassified. This change is not considered material and does not affect the accompanying statement of Profit and Loss, total comprehensive income and cash flows of the Company.
- (i) The Company has entered into an agreement for transfer of its Defence undertaking, which had a value of **₹209.27 crores** as at December 31, 2017 to Tata Advanced Systems Ltd (transferee company), for an upfront consideration of **₹100 crores** and a future consideration of 3% of the revenue generated from identified Specialised Defence Projects for upto 15 years from the financial year ended FY 2020 subject to a maximum of **₹1,750 crores**. The future consideration of 3% of revenue depends on future revenue to be generated from the said projects by the transferee company. On account of the same, the Company has recognised a provision of **₹109.27 crores**, which may get reversed in future once projects start getting executed from FY 2020 onwards. The assets related to defence undertaking are classified as "Held for Sale" as they meet the criteria laid out under Ind AS 105
- (j) 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.

In terms of our report attached

**For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**YEZDI NAGPOREWALLA**

Partner

Membership No. 049265

Mumbai, May 20, 2019

For and on behalf of the Board

**N CHANDRASEKARAN** [DIN: 00121863]

Chairman

**N MUNJEE** [DIN:00010180]

**F S NAYAR** [DIN:00003633]

**V K JAIRATH** [DIN:00391684]

**O P BHATT** [DIN:00548091]

**R SPETH** [DIN:03318908]

Directors

**GUENTER BUTSCHEK** [DIN: 07427375]

CEO and Managing Director

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

ED and Chief Operating Officer

**P B BALAJI**

Group Chief Financial Officer

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

Company Secretary

Mumbai, May 20, 2019