Notes Forming Part of Financial Statements

1. Background and operations

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

The Company is a public limited Company incorporated and domiciled in India and has its registered office at Mumbai, India. As at March 31, 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 operations.

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

2. Significant accounting policies

a. Basis of preparation

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

Joint operations

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

Although not required by Ind ASs, the Company has provided in note 48 additional information of Tata Motors Limited on a standalone basis excluding its interest in its two Joint Operations viz. Tata Cummins Private Limited and Fiat India Automobiles Private Limited.

b. Use of estimates and judgments

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

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

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

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

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

iii) Note 27 and 28 - Provision for product warranty

iv) Note 47- Assets and obligations relating to employee benefits

c. Revenue recognition

The Company generates revenue principally from-

i) Sale of products- commercial and passenger vehicles and spare parts

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.

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.

ii) Sale of services- maintenance service and extended warranties for commercial and passenger vehicles

Income from sale of maintenance and extended warranties 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

Notes Forming Part of Financial Statements

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.

Sale of services include certain performance obligations that are satisfied over a period of time. Any amount received in advance in respect of such performance obligations that are satisfied over a period of time is recorded as contract liability and recorded as revenue when service is rendered to customers.

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

d. Government Grants and Incentives

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

Incentives are recognised when there is a reasonable assurance that the Company will comply with the relevant conditions and the incentive will be received. Incentives are recorded at fair value where applicable.

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

e. Cost recognition

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

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

f. Provisions

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

Product warranty expenses

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

g. Foreign currency

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

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

Exchange differences arising on settlement of transactions and translation of monetary items are recognised in the statement of Profit and Loss except to the extent, exchange differences which are regarded as an adjustment to interest

Notes Forming Part of Financial Statements

costs on foreign currency borrowings, are capitalised as part of borrowing costs.

h. Income taxes

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

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

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

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

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

i. Cash and 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.

j. Earnings per share

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

k. Inventories

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

l. Property, plant and equipment

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

Freehold land is measured at cost and is not depreciated.

Cost includes purchase price, taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

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

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

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

Notes Forming Part of Financial Statements

The useful lives 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.

m. Other intangible assets

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

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

	Estimated amortisation period
Technological know-how	8 to 10 years
Software	4 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 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.

n. Goodwill

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

o. Leases

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

Assets taken on finance lease

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

Assets taken on operating lease

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

Notes Forming Part of Financial Statements

Assets given on finance lease

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

p. Impairment

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

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

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

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

q. Employee benefits

i) Gratuity

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

ii) Superannuation

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

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

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

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

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

iii) Bhavishya kalyan yojana (BKY)

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

Notes Forming Part of Financial Statements

iv) Provident fund and family pension

In accordance with Indian law, eligible employees of Tata Motors Limited and its Joint operations are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, as specified under the law, are made to the provident fund and pension fund set up as an irrevocable trust by Tata Motors Limited for its employees. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The liability towards interest is a defined benefit. There is no shortfall as at March 31, 2019.

v) Post-retirement medicare scheme

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

vi) Compensated absences

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

vii) Remeasurement gains and losses

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

viii) Measurement date

The measurement date of retirement plans is March 31.

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

r. Share based payments

The Company recognises compensation expense relating to share based payments in accordance with Ind AS 102 Share-based Payment. Stock options granted by the Company to its employees are accounted as equity settled options. Accordingly, the estimated fair value of options granted that is determined on the date of grant, is charged to statement of Profit and Loss on a straight line basis over the vesting period of options which is the requisite service period, with a corresponding increase in equity.

s. Dividends

Any dividend declared by Tata Motors Limited for any financial year is based on the profits available for distribution as reported in the standalone statutory financial statements of Tata Motors Limited (without joint operations) prepared in accordance with Generally Accepted Accounting Principles in India, or Ind AS. Indian law mandates that dividend be declared out of distributable profits, after setting off un-provided losses and depreciation of previous years. In case of inadequacy or absence of profits in a particular year, a Company may pay dividend out of accumulated profits of previous years transferred to retained earnings, however in the absence of accumulated profits, Company may declare dividend out of free reserve subject to certain conditions. Accordingly, in certain years the net income reported in the financial statements may not be fully distributable. The amount available for distribution is **₹Nil** as at March 31, 2019 (₹Nil as at March 31, 2018).

t. Segments

The Company primarily operates in the automotive segment. The automotive segment comprises two reportable segments i.e commercial vehicles and passenger vehicles.

Notes Forming Part of Financial Statements

u. Investments in subsidiaries, Joint Ventures and Associates

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

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 and loss and at amortised cost. Financial assets that are equity instruments are classified as fair value through profit and loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit and loss and other financial liabilities.

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

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit and 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 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 and loss: Financial assets are measured at fair value through profit and 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 and loss are immediately recognised in profit and loss.

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

Financial liabilities at fair value through profit and 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.

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

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

ii) Determination of fair value:

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

Notes Forming Part of Financial Statements

iii) Derecognition of financial assets and financial liabilities:

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

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

iv) Impairment of financial assets:

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

w. Hedge accounting:

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

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

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

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

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

x. 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 supersede 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 the 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.

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.

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

Notes Forming Part of Financial Statements

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 standalone financial statements on adoption of this amendment.

ii) New accounting standards not yet adopted by the Company

i) New accounting standard- 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 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.

ii) Following amendments to certain standards will be effective from financial year beginning April 1, 2019.

1) Ind AS 109, Financial Instruments

Prepayment of loans

The amendments notified in Ind AS 109 pertain to classfication of a financial instrument 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 type of instruments can be classified as measured at amortised cost, or measured at fair value through profit and loss, or fair value through other

Notes Forming Part of Financial Statements

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 and loss or measured at amortised cost in accordance with conditions of Ind AS 109.

2) Ind AS 12, Income Taxes

(a) Deferred taxes on Dividends

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.

(b) Uncertain tax treatment

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:

(i) 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.

(ii) 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.

(iii) 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.

3) Ind AS 19, Employee Benefits

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.

4) 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 Financial Statements

3. Property, plant and equipment

(₹ in crores)

	Owned assets						Given on lease		Taken on lease				Total
	Land	Buildings	Plant, machinery and equipment	Furniture and fixtures	Vehicles	Computers & other IT assets	Plant, machinery and equipment	Buildings	Buildings	Plant, machinery and equipment	Computers & other IT assets	Furniture and fixtures	
Cost as at April 1, 2018	4,574.93	3,523.52	26,178.65	245.92	242.35	660.69	38.04	4.02	31.28	39.95	186.16	4.31	**35,729.82**
Additions	-	102.50	1,991.57	6.88	63.40	60.78	-	-	-	-	-	-	**2,225.13**
Asset acquired on purchase of business of a subsidiary company (refer note 49 (iii))	-	0.31	24.68	1.93	0.09	2.05	-	-	-	-	-	-	**29.06**
Disposal	-	(6.80)	(660.05)	(0.21)	(33.95)	(157.50)	-	-	-	-	-	-	**(858.51)**
Cost as at March 31, 2019	**4,574.93**	**3,619.53**	**27,534.85**	**254.52**	**271.89**	**566.02**	**38.04**	**4.02**	**31.28**	**39.95**	**186.16**	**4.31**	**37,125.50**
Accumulated depreciation as at April 1, 2018	-	(1,103.96)	(15,391.09)	(143.08)	(115.78)	(543.28)	(21.62)	(0.75)	(6.78)	(35.39)	(174.06)	(1.51)	**(17,537.30)**
Depreciation for the year	-	(121.78)	(1,791.99)	(13.33)	(46.00)	(34.36)	(1.72)	(0.09)	(0.51)	(0.30)	(6.51)	(0.86)	**(2,017.45)**
Asset acquired on purchase of business of a subsidiary company (refer note 49 (iii))	-	(0.27)	(18.34)	(1.42)	(0.05)	(1.41)	-	-	-	-	-	-	**(21.49)**
Assets written off	-	-	42.55	-	0.49	8.02	-	-	-	-	-	-	**51.06**
Disposal	-	5.68	540.36	0.16	28.00	142.09	-	-	-	-	-	-	**716.29**
Accumulated depreciation as at March 31, 2019	**-**	**(1,220.33)**	**(16,618.51)**	**(157.67)**	**(133.34)**	**(428.94)**	**(23.34)**	**(0.84)**	**(7.29)**	**(35.69)**	**(180.57)**	**(2.37)**	**(18,808.89)**
Net carrying amount as at March 31, 2019	**4,574.93**	**2,399.20**	**10,916.34**	**96.85**	**138.55**	**137.08**	**14.70**	**3.18**	**23.99**	**4.26**	**5.59**	**1.94**	**18,316.61**
Cost as at April 1, 2017	4,574.93	3,384.43	24,767.37	243.74	186.75	639.65	38.68	4.05	31.28	36.43	178.88	4.31	**34,090.50**
Additions	-	139.65	2,191.50	14.32	95.91	39.64	-	-	-	3.52	7.28	-	**2,491.82**
Assets classified as held for sale	-	-	(2.30)	-	-	-	-	-	-	-	-	-	**(2.30)**
Assets written off	-	-	(536.82)	-	-	-	-	-	-	-	-	-	**(536.82)**
Disposal	-	(0.56)	(241.10)	(12.14)	(40.31)	(18.60)	(0.64)	(0.03)	-	-	-	-	**(313.38)**
Cost as at March 31, 2018	4,574.93	3,523.52	26,178.65	245.92	242.35	660.69	38.04	4.02	31.28	39.95	186.16	4.31	**35,729.82**
Accumulated depreciation as at April 1, 2017	-	(996.55)	(14,184.30)	(136.41)	(123.72)	(526.26)	(20.58)	(0.68)	(6.27)	(34.60)	(163.36)	(0.65)	**(16,193.38)**
Depreciation for the year	-	(107.66)	(1,777.03)	(13.43)	(26.93)	(34.64)	(1.32)	(0.07)	(0.51)	(0.79)	(10.70)	(0.86)	**(1,973.94)**
Assets classified as held for sale		-	1.14	-	-	-	-	-	-	-	-	-	**1.14**
Assets written off	-	-	389.09	-	-	-	-	-	-	-	-	-	**389.09**
Disposal	-	0.25	180.01	6.76	34.87	17.62	0.28	-	-	-	-	-	**239.79**
Accumulated depreciation as at March 31, 2018	**-**	**(1,103.96)**	**(15,391.09)**	**(143.08)**	**(115.78)**	**(543.28)**	**(21.62)**	**(0.75)**	**(6.78)**	**(35.39)**	**(174.06)**	**(1.51)**	**(17,537.30)**
Net carrying amount as at March 31, 2018	**4,574.93**	**2,419.56**	**10,787.56**	**102.84**	**126.57**	**117.41**	**16.42**	**3.27**	**24.50**	**4.56**	**12.10**	**2.80**	**18,192.52**

Notes:

a) Building include ₹**8,631.00** (as at March 31, 2018 ₹8,631.00) being value of investments in shares of Co-operative Housing Societies.

b) Land includes ₹**525.80 crores** (as at March 31, 2018 ₹525.80 crores)for which transfer of title is pending.

Notes Forming Part of Financial Statements

4. Leases

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

(₹ in crores)

	As at March 31, 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	0.63	5.40	3.65	0.40	6.56	5.78
Later than one year but not later than five years	2.48	5.59	3.95	1.62	9.61	8.62
Later than five years	29.09	1.26	1.11	29.50	1.70	1.43
Total minimum lease commitments	32.20	12.25	8.71	31.52	17.87	15.83
Less: future finance charges		(3.54)			(2.04)	
Present value of minimum lease payments		**8.71**			**15.83**	
Included in the financial statements as:						
Other financial liabilities - current (refer note 26)			3.64			5.78
Long-term borrowings (refer note 23)			5.07			10.05
			8.71			**15.83**

Total operating lease rent expenses were ₹ **61.35 crores** and ₹ 77.45 crores for the year ended March 31, 2019 and 2018, respectively.

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

	As at March 31, 2019		As at March 31, 2018	
	Minimum lease payments receivables	Present value of minimum lease payments receivables	Minimum lease payments receivables	Present value of minimum lease payments receivables
Not later than one year	32.11	12.24	33.95	12.04
Later than one year but not later than five years	163.63	105.20	117.01	37.44
Later than five years	-	-	78.74	80.00
Total minimum lease payments receivables	195.74	117.44	229.70	129.48
Less: unearned finance income	(78.30)		(100.22)	
Present value of minimum lease payments receivables	**117.44**		**129.48**	
Included in the financial statements as:				
Other financial assets - current (refer note 13)		12.24		12.04
Other financial assets - non-current (refer note 12)		105.20		117.44
		117.44		**129.48**

Notes Forming Part of Financial Statements

5. (a) Other Intangible assets

(₹ in crores)

	Technical know how	Computer Software	Product development	Total
Cost as at April 1, 2018	391.24	572.92	6,372.64	**7,336.80**
Additions	-	36.50	1,603.48	**1,639.98**
Asset acquired on purchase of business of a subsidiary company (refer note 49 (iii))	3.02	2.56	-	**5.58**
Fully amortised not in use	(34.04)	(26.68)	(749.33)	**(810.05)**
Cost as at March 31, 2019	**360.22**	**585.30**	**7,226.79**	**8,172.31**
Accumulated amortisation as at April 1, 2018	(195.77)	(519.28)	(3,309.61)	**(4,024.66)**
Amortisation for the year	(47.55)	(26.51)	(1,007.13)	**(1,081.19)**
Asset acquired on purchase of business of a subsidiary company (refer note 49 (iii))	(1.94)	(2.41)	-	**(4.35)**
Fully amortised not in use	34.04	26.68	748.30	**809.02**
Accumulated amortisation as at March 31, 2019	**(211.22)**	**(521.52)**	**(3,568.44)**	**(4,301.18)**
Net carrying amount as at March 31, 2019	**149.00**	**63.78**	**3,658.35**	**3,871.13**
Cost as at April 1, 2017	349.15	542.24	4,804.98	**5,696.37**
Additions	42.09	31.95	1,633.95	**1,707.99**
Fully amortised not in use	-	(1.27)	-	**(1.27)**
Assets classified as held for sale	-	-	(66.29)	**(66.29)**
Cost as at March 31, 2018	**391.24**	**572.92**	**6,372.64**	**7,336.80**
Accumulated amortisation as at April 1, 2017	(156.65)	(492.10)	(2,270.91)	**(2,919.66)**
Amortisation for the year	(39.12)	(28.45)	(1,060.38)	**(1,127.95)**
Fully amortised not in use	-	1.27	-	**1.27**
Assets classified as held for sale	-	-	21.68	**21.68**
Accumulated amortisation as at March 31, 2018	**(195.77)**	**(519.28)**	**(3,309.61)**	**(4,024.66)**
Net carrying amount as at March 31, 2018	**195.47**	**53.64**	**3,063.03**	**3,312.14**

(b) Intangible assets under development

	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at the beginning	**3,825.15**	5,368.38
Additions	2,239.68	1,634.69
Capitalised during the year	(1,639.98)	(1,644.55)
Assets classified as held for sale	-	(177.56)
Write off/provision for impairment	(285.22)	(1,355.81)
Balance at the end	**4,139.63**	3,825.15

Notes Forming Part of Financial Statements

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

(₹ in crores)

Number	Face value per unit	Description	As at March 31, 2019		As at March 31, 2018	
		Equity shares				
		i) Subsidiaries				
		Unquoted				
3,03,00,600	10	Tata Technologies Limited [note 2 below]	224.10		-	
6,36,97,694	10	Concorde Motors (India) Ltd [Note 4 below]	109.63		109.63	
5,39,98,427 (GBP)	1	Tata Motors European Technical Centre PLC, (UK) [Note 3 below]	474.90		474.90	
7,900	-	Tata Technologies Inc, (USA)	0.63		0.63	
1,59,82,83,442	10	Tata Motors Finance Ltd [19,35,48,386 shares acquired during the year]	3,400.00		2,800.00	
8,67,00,000	10	Tata Marcopolo Motors Ltd	86.70		86.70	
22,50,00,000	10	TML Distribution Company Ltd	225.00		225.00	
2,51,16,59,418		TML Holdings Pte Ltd, (Singapore)	10,158.52		10,158.52	
1,34,523 (EUR)	31.28	Tata Hispano Motors Carrocera S.A., (Spain)	17.97		17.97	
1,220 (IDR)	8,855	PT Tata Motors Indonesia	0.01		0.01	
2,02,000 (MAD)	1,000	Tata Hispano Motors Carroceries Maghreb S.A., (Morocco)	49.59		49.59	
1,83,59,203 (SGD)	1	Tata Precision Industries Pte. Ltd, (Singapore)	40.53		40.53	
		Trilix Srl., Turin (Italy) [Note 5 below]	19.91		11.94	
1,00,000 (NGN)	1	TMNL Motor Services Nigeria Ltd	0.00	#	0.00	#
			14,807.49		**13,975.42**	
		Advance towards investments	100.00		-	
		Less: Provision for impairment of long-term investments	(456.14)	**14,451.35**	(214.28)	**13,761.14**
		ii) Associates				
		Quoted				
29,82,214	10	Automobile Corporation of Goa Ltd	108.22		108.22	
		Unquoted				
16,000 (TK)	1,000	NITA Co. Ltd (Bangladesh)	1.27		1.27	
5,23,33,170	10	Tata AutoComp Systems Ltd	77.47	**186.96**	77.47	**186.96**
		(iii) Joint Ventures (JV)				
		Unquoted				
25,00,000	10	JT Special Vehicle (P) Ltd		**2.50**		**2.50**
		Cumulative convertible preference shares (unquoted)				
		(iv) Subsidiaries				
1,30,00,000	100	TMF Holdings Limited [1,30,00,000 shares acquired during the year]		**130.00**		**-**
		Total		**14,770.81**		**13,950.60**

Less than ₹ 50,000

Notes:

		As at March 31, 2019	As at March 31, 2018
(1)	Market Value of quoted investments	166.99	332.65

(2) Given the delay in completing the sale, the Company has reassessed the position on "Held for Sale" for the investment in the Company's subsidiary Tata Technologies Ltd. Accordingly, the Company concluded that these investments no longer meets the criteria of "Held for Sale" as per Ind AS 105. The investments in Tata Technologies Ltd is transferred from current to non-current investments.

(3) The Company had given a letter of comfort to ANZ Bank, London for GBP 2 million (₹ 18.10 crores as at March 31, 2019) against loan extended by the bank to Tata Motors European Technical Centre PLC. UK (TMETC). Also the Company has given an undertaking to ANZ Bank, London to retain 51% ownership of TMETC at all times during the tenor of the loan.

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

(5) Trilix Srl., Turin (Italy) is a limited liability Company. The Company has acquired additional 20% shareholding of Trilix Srl, Turin (Italy) during the year.

Notes Forming Part of Financial Statements

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

Number	Face value per unit	Description	As at March 31, 2019	As at March 31, 2018
		Equity shares		
		Subsidiaries		
		Unquoted		
		Tata Technologies Limited	-	224.10
		TAL Manufacturing Solutions Ltd [11,50,00,000 shares sold during the year]	-	200.00
50,00,000	10	Tata Motors Insurance Broking and Advisory Services Ltd [Note 1 & 2 below]	19.31	19.31
		Total	**19.31**	**443.41**
		Associates		
		Unquoted		
4,54,28,572	10	Tata Hitachi Construction Machinery Company Private Ltd [Note 1 below]	**238.50**	**238.50**
		Total	**257.81**	**681.91**

Note:

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

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

Notes Forming Part of Financial Statements

8. Investments-non-current

(₹ in crores)

Number	Face value per unit	Description	As at March 31, 2019		As at March 31, 2018	
		Investment in equity shares measured at fair value through other comprehensive income				
		Quoted				
51,41,696	10	Tata Steel Ltd [Note (c) below]	267.89		-	
3,54,599	10	Tata Steel Ltd (partly paid) [Note (c) below]	2.28	**270.17**	-	**-**
		Unquoted				
50,000	1,000	Tata International Ltd.	62.70		28.85	
1,383	1,000	Tata Services Ltd.	0.14		0.14	
350	900	The Associated Building Company Ltd.	0.01		0.01	
1,03,10,242	100	Tata Industries Ltd.	183.19		183.19	
33,600	100	Kulkarni Engineering Associates Ltd.	-		-	
12,375	1,000	Tata Sons Pvt. Ltd.	68.75		68.75	
2,25,00,001	10	Haldia Petrochemicals Ltd	56.48		22.50	
2,40,000	10	Oriental Floratech (India) Pvt. Ltd.	-		-	
43,26,651	15	Tata Capital Ltd.	21.89		6.70	
50,000	10	NICCO Jubilee Park Ltd.	0.05	**393.21**	0.05	**310.19**
		Total		**663.38**		**310.19**

Note:

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

(Amount in ₹)

Number	Face value per unit	Description	As at March 31, 2019	As at March 31, 2018
50	5	Jamshedpur Co-operative Stores Ltd.	250	250
16,56,517	(M$) 1	Tatab Industries Sdn. Bhd., (Malaysia)	1	1
4	25,000	ICICI Money Multiplier Bond	1	1
100	10	Optel Telecommunications	1,995	1,995

b)

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(1) Book Value of quoted investments	270.17	-
(2) Book Value of unquoted investments	393.21	310.19
(3) Market Value of quoted investments	270.17	-

c) Given the delay in completing the sale, the Company has reassessed the position of its investment in Tata Steel Ltd. Accordingly, these investments are transferred from current to non current investments

Notes Forming Part of Financial Statements

9. Investments-current

(₹ in crores)

Number	Face value per unit	Description		As at March 31, 2019		As at March 31, 2018
		Investments in Mutual funds measured at Fair value through profit and loss				
		Unquoted				
		Mutual funds		1,174.46		1,517.03
		Total		**1,174.46**		**1,517.03**
		Investment in equity shares measured at fair value through other comprehensive income				
		Quoted				
		Tata Steel Ltd	-		293.62	
		Tata Steel Ltd (Partly Paid)	-		5.46	
		Tata Chemicals Ltd (70,249 shares sold during the year)	-		4.76	
80,000	10	Metal Scrap Trade Corporation Ltd.	0.91	**0.91**	0.00#	**303.84**
		Total		**1,175.37**		**1,820.87**

 # Less than ₹ 50,000/-

Note:

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

(Amount in ₹)

Number	Face value per unit	Description	As at March 31, 2019	As at March 31, 2018
-	-	Punjab Chemicals (200 shares sold during the year)	-	1

b)

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(1) Book Value of quoted investments	0.91	303.84
(2) Market Value of quoted investments	0.91	303.84
(3) Book Value of unquoted investments	1,174.46	1,517.03

Notes Forming Part of Financial Statements

10. Loans and advances- non current

(₹ in crores)

	As at March 31, 2019		As at March 31, 2018	
Unsecured :				
(a) Loans to employees		24.15		27.23
(b) Loan to subsidiaries				
Considered good	12.04		12.04	
Credit impaired	585.75		585.75	
	597.79		597.79	
Less : Allowances for credit impaired balances	(585.75)	12.04	(585.75)	12.04
(c) Loan to Joint Venture considered good (JT Special Vehicles Pvt. Ltd.)		3.75		-
(d) Dues from subsidiary companies, credit impaired				
Tata Hispano Motors Carrocera S.A.	53.74		53.74	
Less : Allowances for credit impaired balances	(53.74)	-	(53.74)	-
(e) Deposits				
Considered good	57.96		58.37	
Credit impaired	1.84		-	
	59.80		58.37	
Less : Allowances for credit impaired balances	(1.84)	57.96	-	58.37
(f) Others				
Considered good	45.23		46.32	
Credit impaired	8.45		7.30	
	53.68		53.62	
Less : Allowances for credit impaired balances	(8.45)	45.23	(7.30)	46.32
Total		**143.13**		**143.96**

Notes Forming Part of Financial Statements

11. Loans and advances- current

(₹ in crores)

		As at March 31, 2019	As at March 31, 2018
Secured :			
Finance receivables			
(net of allowances for credit impaired balances of ₹**5.48 crores** and ₹7.22 crores as at March 31, 2019 and 2018, respectively)		13.44	15.79
Unsecured :			
(a) Advances and other receivables		129.55	68.03
(net of allowances for credit impaired balances of ₹**126.34 crores** and ₹123.15 crores as at March 31, 2019 and 2018, respectively)			
(b) Intercorporate deposits considered good (JT Special Vehicles Pvt. Ltd)		2.00	-
(c) Dues from subsidiary companies (Note below)		16.12	17.23
(d) Loan to subsidiary companies			
(i) Tata Motors European Technical Centre Plc, (UK)	38.46		39.22
(ii) Tata Precision Industries Pte.Ltd	0.51	38.97	-
Total		**200.08**	**140.27**

Note:

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Dues from subsidiary companies:		
(a) PT Tata Motors Indonesia	3.41	4.53
(b) Concorde Motors (India) Ltd	2.78	2.78
(c) Tata Motors Insurance Broking and Advisory Services Ltd	0.05	0.05
(d) Tata Motors (SA) (Proprietary) Ltd	0.79	0.80
(e) Tata Motors Nigeria Ltd	0.20	0.20
(f) PT Tata Motors Distribusi Indonesia	2.36	2.36
(g) Tata Motors (Thailand) Ltd	6.51	6.51
(h) Tata Motors European Technical Centre PLC	0.02	-
	16.12	**17.23**

12. Other financial assets - non-current

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Derivative financial instruments	360.96	200.13
(b) Restricted deposits	4.02	3.98
(c) Finance lease receivable	105.20	117.44
(d) Government incentives	496.72	467.14
(e) Recoverable from suppliers	26.02	3.53
(f) Others	1.47	1.18
Total	**994.39**	**793.40**

Notes Forming Part of Financial Statements

13. Other financial assets - current

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Derivative financial instruments	31.04	42.21
(b) Interest accrued on loans and deposits	9.13	0.59
(c) Deposit with financial institutions	500.00	-
(d) Finance lease receivable	12.24	12.04
(d) Interim dividend	-	42.37
(e) Government Incentives	500.31	411.40
(f) Recoverable from suppliers	226.96	137.70
Total	**1,279.68**	**646.31**

14. Other non-current assets

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Capital advances	374.95	285.54
(b) Taxes recoverable, statutory deposits and dues from government (net of allowances for credit impaired balances of ₹**1.84 crores** and ₹Nil as at March 31, 2019 and 2018, respectively	981.53	931.39
(c) Prepaid lease rental on operating lease	126.61	127.74
(d) Recoverable from Insurance companies	318.81	185.99
(e) Others	18.00	15.73
Total	**1,819.90**	**1,546.39**

15. Other current assets

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Advance to suppliers and contractors	193.84	234.65
(net of allowances for credit impaired balances of ₹**43.87 crores** and ₹Nil as at March 31, 2019 and 2018, respectively)		
(b) Taxes recoverable, statutory deposits and dues from government	580.28	1,047.35
(net of allowances for credit impaired balances of ₹**58.06 crores** and ₹1.85 crores as at March 31, 2019 and 2018, respectively)		
(c) Prepaid expenses	94.93	94.00
(d) Recoverable from Insurance companies	35.75	26.97
(e) Others	30.07	36.76
Total	**934.87**	**1,439.73**

Notes Forming Part of Financial Statements

16. Inventories

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Raw materials and components	1,554.32	2,216.20
(b) Work-in-progress	406.77	787.02
(c) Finished goods	2,257.16	2,014.37
(d) Stores and spare parts	193.21	201.69
(e) Consumable tools	35.98	43.31
(f) Goods-in-transit - Raw materials and components	214.56	407.54
Total	**4,662.00**	**5,670.13**

During the year ended March 31, 2019 and 2018, the Company recorded inventory write-down expenses of ₹ **42.13 crores** and ₹ 162.87 crores, respectively.

Cost of inventories (including cost of purchased products) recognised as expense during the year ended March 31, 2019 and 2018 amounted to ₹ **60,158.63 crores** and ₹ 50,328.14 crores, respectively.

17. Trade receivables (unsecured)

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Receivables considered good	3,250.64	3,479.81
Receivables with significant increase in credit risk	600.86	543.50
	3,851.50	4,023.31
Less : Allowance for Credit impaired receivables	(600.86)	(543.50)
Total	**3,250.64**	**3,479.81**

18. Allowance for trade receivables, loans and other receivables

(₹ in crores)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at the beginning	1,322.51	1,447.55
Allowances made/(reversed) during the year	168.52	(109.19)
Written off	(21.87)	(15.85)
Acquired on purchase of business of a subsidiary company	12.84	-
Balance at the end	**1,482.00**	**1,322.51**

19. Cash and cash equivalents

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Cash on hand	0.24	0.14
(b) Cheques on hand	4.78	242.77
(c) Balances with banks (refer note below)	286.88	303.91
(d) Deposits with banks	195.50	-
	487.40	**546.82**
Note:		
Includes remittances in transit	210.59	145.17

Notes Forming Part of Financial Statements

20. Other 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)	169.21	248.53
(b) Bank deposits	650.00	0.07
Total	**819.21**	**248.60**

Note:

Earmarked balances with banks as at March 31, 2019 of ₹**157.06 crores** (as at March 31, 2018 ₹163.50 crores) is held as security in relation to repayment of borrowings.

21 Equity Share Capital

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Authorised:		
(i) **400,00,00,000** Ordinary shares of ₹2 each	800.00	800.00
(as at March 31, 2018: 400,00,00,000 Ordinary shares of ₹2 each)		
(ii) **100 ,00,00,000** 'A' Ordinary shares of ₹2 each	200.00	200.00
(as at March 31, 2018: 100 ,00,00,000 'A' Ordinary shares of ₹2 each)		
(iii) **30,00,00,000** Convertible Cumulative Preference shares of ₹100 each	3,000.00	3,000.00
(as at March 31, 2018: 30,00,00,000 shares of ₹100 each)		
Total	**4,000.00**	**4,000.00**
(b) Issued [Note (h)]:		
(i) **288,78,43,046** Ordinary shares of ₹2 each	577.57	577.57
(as at March 31, 2018: 288,78,43,046 Ordinary shares of ₹2 each)		
(ii) 5**0,87,36,110** 'A' Ordinary shares of ₹2 each	101.75	101.75
(as at March 31, 2018: 50,87,36,110 'A' Ordinary shares of ₹2 each)		
Total	**679.32**	**679.32**
(c) Subscribed and called up:		
(i) **288,73,48,694** Ordinary shares of ₹2 each	577.47	577.47
(as at March 31, 2018: 288,73,48,694 Ordinary shares of ₹2 each)		
(ii) **50,85,02,371** 'A' Ordinary shares of ₹2 each	101.70	101.70
(as at March 31, 2018: 50,85,02,371 'A' Ordinary shares of ₹2 each)		
	679.17	**679.17**
(d) Calls unpaid - Ordinary shares		
310 Ordinary shares of ₹2 each (₹1 outstanding on each) and **260** Ordinary shares of ₹2 each (₹0.50 outstanding on each)	(0.00)*	(0.00)*
(as at March 31, 2018: 310 Ordinary shares of ₹2 each (₹1 outstanding on each) and 260 Ordinary shares of ₹2 each (₹0.50 outstanding on each)		
(e) Paid-up (c+d):	**679.17**	**679.17**
(f) Forfeited - Ordinary shares	0.05	0.05
Total (e+f)	**679.22**	**679.22**

Notes Forming Part of Financial Statements

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

(₹ in crores)

		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	288,73,48,694	577.47	288,73,48,428	577.47
	Add: Allotment of shares held in abeyance	-	-	266	0.00*
	Balance as at March 31	**288,73,48,694**	**577.47**	**288,73,48,694**	**577.47**
(ii)	**'A' Ordinary shares**				
	Balance as at April 1	50,85,02,371	101.70	50,85,02,291	101.70
	Add: Allotment of shares held in abeyance	-	-	80	0.00 *
	Balance as at March 31	**50,85,02,371**	**101.70**	**50,85,02,371**	**101.70**

**less than ₹ 50,000/-*

(h) The entitlements to **494,352** Ordinary shares of ₹2 each (as at March 31, 2018 : 494,352 Ordinary shares of ₹2 each) and **233,739** 'A' Ordinary shares of ₹2 each (as at March 31, 2018: 233,739 '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.

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

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

- The Company has two classes of shares – the Ordinary shares and the 'A' Ordinary shares both of ₹2 each (together referred to as shares). In respect of every Ordinary share (whether fully or partly paid), voting rights shall be in the same proportion as the capital paid up on such Ordinary share bears to the total paid up Ordinary share capital of the Company. In case of every 'A' Ordinary share, if any resolution is put to vote on a poll or by postal ballot at any general meeting of shareholders, the holder shall be entitled to one vote for every ten 'A' Ordinary shares held as per the terms of its issue and if a resolution is put to vote on a show of hands, the holder of 'A' Ordinary shares shall be entitled to the same number of votes as available to holders of Ordinary shares.

- The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Further, the Board of Directors may also declare an interim dividend. The holders of 'A' Ordinary shares shall be entitled to receive dividend for each financial year at five percentage point more than the aggregate rate of dividend declared on Ordinary shares for that financial year.

- In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

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

- Each ADS and GDS underlying the ADR and GDR respectively represents five Ordinary shares of ₹2 each. A holder of ADS and GDS is not entitled to attend or vote at shareholders meetings. An ADS holder is entitled to issue voting instructions to the Depository with respect to the Ordinary shares represented by ADSs only in accordance with the provisions of the Company's ADSs deposit agreement and Indian Law. The depository for the ADSs and GDSs shall exercise voting

Notes Forming Part of Financial Statements

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.

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

(₹ in crores)

	As at March 31, 2019		As at March 31, 2018	
	% of Issued Share Capital Share Capital	**No. of Shares**	% of Issued Share Capital Share Capital	No. of Shares
(i) Ordinary shares :				
(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
(ii) 'A' Ordinary shares :				
(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

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

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

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

Notes Forming Part of Financial Statements

22. A) Other components of equity

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

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning	16.92	(27.12)
Other comprehensive income for the year	55.44	44.04
Income tax relating to gain/loss arising on other comprehensive income where applicable	(5.17)	-
Profit on sale of equity investment reclassified to retained earnings	(4.93)	-
Balance at the end	**62.26**	**16.92**

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

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning	(3.14)	11.26
Gain/(loss) recognised on cash flow hedges	(40.58)	(4.80)
Income tax relating to gain/loss recognised on cash flow hedges	14.17	1.66
(Gain)/loss reclassified to profit or loss	4.80	(17.22)
Income tax relating to gain/loss reclassified to profit or loss	(1.65)	5.96
Balance at the end	**(26.40)**	**(3.14)**

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

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning	12.99	11.38
Gain recognised on cash flow hedges - Gain/(Loss)	9.91	19.86
Income tax relating to gain recognised on cash flow hedges - Gain/(Loss)	(3.46)	(6.87)
Gain reclassified to profit and loss - (Gain)/Loss	(19.86)	(17.40)
Income tax relating to gain/loss reclassified to profit and loss	6.87	6.02
Balance at the end	**6.45**	**12.99**

(d) Summary of Other components of equity:

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Equity instruments through other comprehensive income	62.26	16.92
Hedging reserve	(26.40)	(3.14)
Cost of hedging reserve	6.45	12.99
Total	**42.31**	**26.77**

Notes Forming Part of Financial Statements

(B) Notes to reserves

a) Capital redemption reserve

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

b) Debenture redemption reserve

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

c) Securities premium

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

d) Retained earnings

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

e) Capital reserve

The capital reserve represents the excess of the identifiable assets and liabilities over the consideration paid.

f) 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 was permitted to be paid to the members, as per the Companies Act, 2013 and the rules framed thereunder. For the year ended March 31, 2019, considering the previous years' losses in Tata Motors Limited (standalone), no dividend is permitted to be paid to members, as per the Companies Act, 2013 and the Rules framed thereunder.

g) 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.

Notes Forming Part of Financial Statements

23. Long-term borrowings

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Secured:		
(a) Privately placed Non-Convertible Debentures (refer note I (i) (a) and I (ii) (a))	-	200.00
(b) Term loans:		
(i) from banks (refer note I (i) (c))	587.58	635.45
(ii) others (refer note I (i) (b))	163.06	144.75
(c) Finance lease obligations	5.07	10.05
	755.71	**990.25**
Unsecured:		
(a) Privately placed Non-Convertible Debentures (refer note I (ii) (b))	5,498.22	6,307.37
(b) Term loan from banks		
(i) Buyer's line of credit (at floating interest rate) (refer note I (v))	2,500.00	1,000.00
(ii) External commercial borrowings (ECB)	1,642.27	-
(at floating interest rate) (refer note I (iv))		
(c) Senior Notes (note I (iii))	3,523.61	4,858.29
	13,164.10	**12,165.66**
Total	**13,919.81**	**13,155.91**

24. Short-term borrowings

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Secured:		
Loans from banks (refer note II (i))	2,110.89	1,454.11
	2,110.89	**1,454.11**
Unsecured:		
(a) Loans from banks (refer note II (i))	240.72	13.62
(b) Inter corporate deposits from subsidiaries and associates (refer note II (ii))	82.25	203.75
(c) Commercial paper (refer note II (iii))	1,183.86	1,428.39
	1,506.83	**1,645.76**
Total	**3,617.72**	**3,099.87**

I. Information regarding long-term borrowings

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

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

(b) The term loan of ₹**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

Notes Forming Part of Financial Statements

freehold land together with immovable properties, plant and machinery and other movable assets (excluding stock and book debts) situated at Sanand plant in the State of Gujarat.

The term loan of ₹**51.36 crores** (recorded in books at ₹**16.33 crores**) is due for repayment from the quarter ending June 30, 2030 to March 31, 2034, along with a simple interest of 0.01% p.a. The loan is secured by bank guarantee for the due performance of the conditions as per the terms of the agreement.

(c) Term loan from banks of ₹**587.58 crores** included within Long-term borrowings and ₹**88.48 crores** included within Current maturities of Long-term borrowings in note 26, bearing floating interest rate of 1 month LIBOR + 1.63% and 1 year MCLR + 0.10% are 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.

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

(₹ in crores)

Non-Convertible Debentures (NCDs)	Redeemable on	Principal
(a) Secured:		
9.95% Non-Convertible Debentures (2020)	March 2, 2020 *	200.0
(b) Unsecured :		
9.77% Non-Convertible Debentures (2024)	September 12, 2024	200.0
9.81% Non-Convertible Debentures (2024)	August 20, 2024	300.0
9.35% Non-Convertible Debentures (2023)	November 10, 2023	400.0
9.60% Non-Convertible Debentures (2022)	October 29, 2022	400.0
7.71% Non-Convertible Debentures (2022)	March 3, 2022	500.0
7.50% NCD due 2022(E27H Series)	June 22, 2022	500.0
9.02% Non-Convertible Debentures (2021)	December 10, 2021	300.0
7.50% Non-Convertible Debentures (2021)	October 20, 2021	300.0
7.84% Non-Convertible Debentures (2021)	September 27, 2021	500.0
8.40% Non-Convertible Debentures (2021)	May 26, 2021	300.0
7.40% NCD due 2021(E27I Series Tranche 2)	June 29, 2021	500.0
9.73% Non-Convertible Debentures (2020)	October 1, 2020	400.0
9.70% Non-Convertible Debentures (2020)	June 18, 2020	150.0
9.75% Non-Convertible Debentures (2020)	May 24, 2020	100.0
9.90% Non-Convertible Debentures (2020)	May 7, 2020	150.0
7.28% NCD due 2020(E27I Series Tranche 1)	July 29, 2020	500.0
9.71% Non-Convertible Debentures (2019)	October 1, 2019 *	300.0
8.00% Non-Convertible Debentures (2019)	August 1, 2019 *	400.0
10.00% Non-Convertible Debentures (2019)	May 28, 2019 *	110.0
Debt issue cost		(1.80)

* Classified as other financial liabilities- current (refer note 26) being maturity before March 31, 2020

Notes Forming Part of Financial Statements

(iii) Schedule of repayment of Senior Notes:

(₹ in crores)

	Redeemable on	Currency	Amount (in million)	As at March 31, 2019	As at March 31, 2018
4.625% Senior Notes	April 30, 2020	USD	262.532	1,804.88	3,238.86
5.750% Senior Notes	October 30, 2024	USD	250	1,718.73	1,619.43
				3,523.61	**4,858.29**

During the year ended March 31, 2019, the Company prepaid **USD 237.47 million** (₹ 1,544.71 crores) of 4.625% Senior Notes at a premium of 2.5%, from fund raised through External Commercial Borrowings of USD 237.47 million.

(iv) The external commercial borrowings of **USD 237.47 million** (₹ 1,642.27 crores) bearing floating interest rate of 3months LIBOR+128bps is due for repayment in June 2025.

(v) The buyer's line of credit from banks amounting to ₹**2,500 crores,** bearing floating interest rate based on marginal cost of funds lending rate (MCLR) of respective bank is repayable within a maximum period of five years from the drawdown dates. All the repayments are due from year ending March 31, 2021 to March 31, 2024.

II. Information regarding short-term borrowings

(i) Loans, cash credits, overdrafts and buyers line of credit from banks bearing fixed interest rate from 8.00% to 8.65% 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.

(ii) Inter-corporate deposits from subsidiaries and associates are unsecured bearing interest rate at 7.50%

(iii) 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 8.28%

III. Collateral

Inventory, trade receivables, other financial assets, property, plant and equipment with a carrying amount of ₹**4,580.01 crores** and ₹4,415.30 crores are pledged as collateral/security against the borrowings as at March 31, 2019 and March 31, 2018, respectively.

Notes Forming Part of Financial Statements

25. Other financial liabilities – non-current

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Derivative financial instruments	58.43	-
(b) Liability towards employee separation scheme	79.10	82.26
(c) Others	43.27	129.02
Total	**180.80**	**211.28**

26. Other financial liabilities – current

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Current maturities of long-term borrowings (refer note below)	1,102.10	2,208.06
(b) Liability for financial guarantee contracts	-	977.26
(c) Interest accrued but not due on borrowings	373.04	500.06
(d) Liability for capital expenditure	198.55	129.86
(e) Deposits and retention money	397.06	186.44
(f) Derivative financial instruments	10.53	1.29
(g) Liability towards Investors Education and Protection Fund under Section 125 of the Companies Act, 2013 not due		
(i) Unpaid dividends	8.09	10.73
(ii) Unpaid matured deposits and interest thereon	8.01	11.88
(iii) Unpaid debentures and interest thereon	0.18	0.18
(h) Liability towards employee separation scheme	16.73	20.03
(i) Others	123.69	45.37
Total	**2,237.98**	**4,091.16**

Details of Current maturities of long-term borrowings :

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(i) Non Convertible Debentures (Unsecured) (refer I (ii) (b) below note 24)	809.98	1,089.86
(ii) Non Convertible Debentures (Secured) (refer I (i) (a) and I (ii) (a) below note 24)	200.00	500.00
(iii) Finance lease obligations	3.64	5.78
(iv) Loans from Banks (refer I (i) (c) below note 24)	88.48	112.42
(v) Buyers Credit (Capex)	-	500.00
Total	**1,102.10**	**2,208.06**

Notes Forming Part of Financial Statements

27. Provisions-non current

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Employee benefits obligations	704.91	622.88
(b) Warranty	573.78	364.35
(c) Annual maintenance contract (AMC)	2.90	9.26
(d) Others	-	12.99
Total	**1,281.59**	**1,009.48**

28. Provisions-current

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
(a) Employee benefits obligations	34.62	32.17
(b) Warranty	1,038.59	739.12
(c) Annual maintenance contract (AMC)	23.95	46.20
(d) Others	51.53	45.43
	1,148.69	**862.92**

Note

AMC and Warranty provision movement

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
	AMC	**Warranty**
Balance at the beginning	55.46	1,103.47
Provision (reversed)/made during the year	(5.13)	1,111.22 *
Provision used during the year	(23.48)	(554.32)
Impact of discounting	-	(48.35)
Acquisition of business of a subsidiary company	-	0.35
Balance at the end	**26.85**	**1,612.37**
Current	23.95	1,038.59
Non-current	2.90	573.78

* includes estimated recovery from suppliers of ₹**111.75 crores** recognised during the year ended March 31, 2019.

Notes Forming Part of Financial Statements

29. Income taxes

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
Profit/(loss) before tax	**2,398.93**	**(946.92)**
Income tax expense at tax rates applicable to individual entities	838.28	(327.71)
Additional deduction for patent, research and product development cost	(192.72)	(198.58)
Items (net) not deductible for tax/not liable to tax :		
- foreign currency (gain)/loss relating to loans and deposits (net)	-	8.12
- interest and other expenses relating to borrowings for investment	-	20.95
- Dividend from subsidiaries, joint operations, associates and investments measured at fair value through other comprehensive income	(86.60)	(77.04)
- Provision for impairment in subsidiary companies/exceptional (others)	122.70	-
- Provision for impairment of capital work in progress	-	34.61
Undistributed earnings of joint operations	46.55	54.85
Deferred tax assets not recognised as realisation is not probable	268.46	699.49
Utilisation/credit of unrecognised tax losses, unabsorbed depreciation and other tax benefits	(544.02)	(130.10)
Profit on sale of investments in a subsidiary company and other investments	(80.01)	-
Reversal of tax provision for previous years	-	(2.45)
Others	5.69	5.79
Income tax expense reported	**378.33**	**87.93**

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

	Opening balance	Recognised in profit and loss	MAT Credit utilised	Recognised in/reclassified from OCI	Closing balance
Deferred tax assets:					
Unabsorbed depreciation	2,541.54	(5.42)	-	-	2,536.12
Business loss carry forwards	1,556.58	575.92	-	-	2,132.50
Expenses deductible in future years:					
- provisions, allowances for doubtful receivables and others	610.16	(286.27)	-	-	323.89
Compensated absences and retirement benefits	123.58	11.51	-	23.24	158.33
Minimum alternate tax carry-forward	2.34	-	(1.57)	-	0.77
Intangible assets	6.57	(6.57)	-	-	-
Derivative financial instruments	14.64	(9.36)	-	15.92	21.20
Unrealised profit on inventory	1.58	(0.09)	-	-	1.49
Others	72.68	(8.84)	-	-	63.84
Total deferred tax assets	**4,929.67**	**270.88**	**(1.57)**	**39.16**	**5,238.14**
Deferred tax liabilities:					
Property, plant and equipment	2,579.75	2.24	-	-	2,581.99
Intangible assets	2,364.10	295.07	-	-	2,659.17
Undistributed earnings in joint operations	116.26	35.84 *	-	-	152.10
Others	24.17	21.40	-	5.17	50.74
Total deferred tax liabilities	**5,084.28**	**354.55**	**-**	**5.17**	**5,444.00**
Net Deferred tax assets / (liabilities)	**(154.61)**	**(83.67)**	**(1.57)**	**33.99**	**(205.86)**

* Net off ₹ **10.71 crores** reversed on dividend distribution by joint operation.

Notes Forming Part of Financial Statements

As at March 31, 2019, unrecognised deferred tax assets amount to ₹**2,220.64 crores** and ₹**5,116.98 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)
2021	**10.97**
2022	**-**
2023	**831.70**
2024	**698.06**
Thereafter	**3,576.25**

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

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

Notes Forming Part of Financial Statements

30. Other non-current liabilities

(₹ in crores)

		As at March 31, 2019	As at March 31, 2018
(a)	Contract liabilities (note (a) below)	109.53	64.95
(b)	Government incentives (note (b) below)	65.33	188.14
(c)	Employee Benefit Obligations - Funded	32.46	20.34
(d)	Others	10.92	17.66
Total		**218.24**	**291.09**

31. Other current liabilities

(₹ in crores)

		As at March 31, 2019	As at March 31, 2018
(a)	Contract liabilities (note (a) below)	953.83	998.06
(b)	Statutory dues (GST,VAT, Excise, Service Tax, Octroi etc)	1,091.92	781.12
(c)	Government incentives (note (b) below)	258.89	86.52
(d)	Others	51.37	51.90
	Total	**2,356.01**	**1,917.60**

Note:

(a) **Contract liabilities**

(₹ in crores)

		For the year ending March 31, 2019
Opening contract liabilities (regrouped on transition to Ind AS 115)		1,063.01
Amount recognised in revenue		(757.29)
Amount received in advance during the reporting year		975.18
Amount refunded to customers		(217.54)
Closing contract liabilities		**1,063.36**
Advances received from customers	Current	840.40
Deferred revenue	Current	113.43
	Non-current	109.53
		1,063.36

Performance obligations in respect of amount received in respect of 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.

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

(b) Government incentives include ₹**245.93 crores** as at March 31, 2019 (₹ 187.67 crores as at March 31, 2018) grants relating to property, plant and equipment related to duty saved on import of capital goods and spares under the Exports Promotion Capital Goods (EPCG) scheme. Under such scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

Notes Forming Part of Financial Statements

32. Revenue From Operations

(₹ in crores)

			Year ended March 31, 2019		Year ended March 31, 2018
(a)	Sale of products (including excise duty) (note 1 and 2 below)				
	(i) Vehicles	61,357.95		52,636.85	
	(ii) Spare parts	4,579.45		3,635.76	
	(iii) Miscellaneous products	2,386.29	68,323.69	1,595.43	57,868.04
(b)	Sale of services		440.34		365.17
(c)	Finance revenues		0.85		1.12
(d)	Other operating revenues		437.88		455.48
Total			**69,202.76**		**58,689.81**

Note:

(1) Includes exchange gain/(loss) (net) on hedges reclassified from hedge reserve to statement of profit and loss — (1.18) — (0.93)

(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 115/Ind AS 18 on Revenue 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 is not comparable with year ended March 31, 2018. Following additional information is being provided to facilitate such comparison:

(₹ in crores)

		Year ended March 31, 2019	Year ended March 31, 2018
(a)	Sale of products	68,323.69	57,868.04
(b)	Excise duty	-	(1,168.14)
(c)	Sale of products (net of excise duty) (a-b)	**68,323.69**	**56,699.90**

33. Other income

(₹ in crores)

		Year ended March 31, 2019	Year ended March 31, 2018
(a)	Interest income	335.87	397.71
(b)	Dividend income (note 1 below)	1,526.25	1,054.69
(c)	Incentives (note 2 below)	621.37	934.88
(d)	Profit on sale of investments at FVTPL	69.27	103.17
(e)	MTM – Investments measured at FVTPL	1.90	2.03
Total		**2,554.66**	**2,492.48**

Note:

(1) Includes :

(a)	Dividend from subsidiary companies and associates	1,516.32	999.25
(b)	From investment measured at FVTOCI	15.83	14.49
(c)	Exchange gain / (loss)	(5.90)	40.95

(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 conform to current year's presentation and is not considered material to the Company's prior period financial statements.

Notes Forming Part of Financial Statements

34. Employee benefits expense

(₹ in crores)

		Year ended March 31, 2019	Year ended March 31, 2018
(a)	Salaries, wages and bonus	3,620.17	3,311.57
(b)	Contribution to provident fund and other funds	231.50	236.16
(c)	Staff welfare expenses	421.43	419.00
	Total	**4,273.10**	**3,966.73**

Share based payments

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 is 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 options 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.

	Year ended March 31, 2019
Options outstanding at the beginning of the year	-
Granted during the year	78,12,427
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 (conditional on performance measures)	1,17,18,641/39,06,214

The Company has estimated fair value of options 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	Estimate
Risk free rate	7%-8%
Expected life of option	4-6 years
Expected volatility	33%-37%

35. Finance costs

(₹ in crores)

		Year ended March 31, 2019	Year ended March 31, 2018
(a)	Interest	1,743.47	1,650.35
	Add: Exchange fluctuation considered as interest cost	38.10	6.24
	Less: Transferred to capital account	(438.79)	(396.11)
		1,342.78	**1,260.48**
(b)	Discounting charges	450.79	483.95
	Total	**1,793.57**	**1,744.43**

Note: The weighted average rate for capitalisation of interest relating to general borrowings was approximately 7.87% and 7.43% for the years ended March 31, 2019 and 2018, respectively.

Notes Forming Part of Financial Statements

36. Other expenses

(₹ in crores)

		Year ended March 31, 2019	Year ended March 31, 2018
(a)	Processing charges	1,567.89	1,240.88
(b)	Consumption of stores & spare parts	617.67	639.35
(c)	Power and fuel	598.62	545.12
(d)	Freight, transportation, port charges etc.	1,865.62	1,703.15
(e)	Publicity	736.13	720.18
(f)	Warranty expenses	999.47	766.18
(g)	Information technology/computer expenses	714.17	711.95
(h)	Allowances made/(reversed) for trade and other receivables (net)	170.90	(109.19)
(i)	Assets Scrapped/ Written Off	230.28	995.47
(j)	Works operation and other expenses (note below)	2,179.71	2,021.18
	Total	**9,680.46**	**9,234.27**

Note:
Works operation and other expenses include:

			Year ended March 31, 2019	Year ended March 31, 2018
(a)	Auditors' Remuneration (excluding service tax)/GST#			
	(i)	Audit Fees	6.67	7.34
	(ii)	Audit Fees to auditors for financial statements as per IFRS (including SOX certification)^	3.59	3.72
	(iii)	In other Capacities :		
		Tax Audit / Transfer Pricing Audit	0.53	0.89
		Taxation Matters	0.17	0.45
	(iv)	Other Services *	0.53	4.47
	(v)	Reimbursement of travelling and out-of-pocket expenses	0.94	0.86
	^	Amount paid to KPMG/Deloitte Haskins and Sells LLP		
	*	Includes payment to an affiliate firm of statutory auditors	-	4.10
	#	The above amount includes ₹ 10.84 crores paid to predecessor auditor, Deloitte Haskins and Sells LLP and its affiliates during the year ended March 31, 2018		
(b)	Cost Auditors' Remuneration (excluding service tax)/GST			
	(i)	Cost Audit Fees	0.23	0.20
	(ii)	Reimbursement of travelling and out-of-pocket expenses	0.01	0.01

(c) Works operation and other expenses for the year March 31, 2019 includes ₹ **22.21 crores** (₹21.44 crores for the year March 31, 2018) spent by Tata Motors Ltd on standalone basis excluding interest in the joint operations, towards various schemes of Corporate Social Responsibility (CSR) as prescribed under Section 135 of the Companies Act, 2013. No amount has been spent on construction / acquisition of an asset of the Company. The prescribed CSR expenditure required to be spent in the year 2018-19 as per the Companies Act, 2013 is ₹Nil, in view of average net profits of the Company being ₹Nil (under section 198 of the Act) for last three financial years.

Notes Forming Part of Financial Statements

37. Amount transferred to capital and other accounts

(₹ in crores)

		Year ended March 31, 2019	Year ended March 31, 2018
(a)	Capital work in progress	(324.34)	(251.47)
(b)	Intangible asset under development	(607.16)	(478.65)
(c)	Product development/Engineering expenses	(161.61)	(124.96)
	Total	**(1,093.11)**	**(855.08)**

38. (a) Exceptional debit of ₹**180.66 crores** and ₹962.98 crores during the year ended March 31, 2019 and 2018, respectively are related to write off/provision for impairment of certain capital work-in-progress and intangibles under development.

The company reviewed product development programs and capital work-in-progress and consequently provided for impairment during the year ended March 31, 2018. During the year ended March 31, 2019, the Company has written off intangibles under development of ₹550 crores, which were provided for during the year ended March 31, 2018. These projects are not viable for future due to changing market conditions and emission regulations.

(b) During the year ended March 31, 2019, the Company has sold investment in TAL Manufacturing Solutions Limited to Tata Advanced Systems Ltd (TASL).

(c) 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.

39. 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.

Notes Forming Part of Financial Statements

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 of India 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 **₹58.77 crores** (₹60.89 crores as at March 31, 2018).

Customs, Excise Duty and Service Tax

As at March 31, 2019, there are pending litigation for various matters relating to customs, excise duty and service taxes involving demands, including interest and penalties, of **₹907.78 crores** (₹1,491.36 crores 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.

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 totaling 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 and installation services, common services

Notes Forming Part of Financial Statements

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 totaling 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 totaling to ₹**23.50 crores** has been confirmed for alleged non-payment of service tax on services like event management services, authorised service station services, heat treatment services etc. The matter is being contested by the Company before appellate authorities.

Sales Tax / VAT

The total sales tax demands (including interest and penalty), that are being contested by the Company amount to ₹**1,123.47 crores** as at March 31, 2019 (₹949.54 crores 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** as at March 31, 2019 (₹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 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 as at March 31, 2018). The company is contesting this issue.

In case of one of the joint operation, 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 2014-2015. 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.

Other Taxes and Dues

Other amounts for which the Company may contingently be liable aggregate to ₹**232.54 crores** as at March 31, 2019 (₹205.19 crores 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 Chikhali. 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 of India has disposed of the SLP and remanded the matter back to the local municipal corporation for fresh adjudication.

Notes Forming Part of Financial Statements

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 repairs. The dispute is pending before the Hon'ble Supreme Court of India.

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

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 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 lega 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 ₹**1,929.86 crores** at March 31, 2019 (₹2,096.64 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 ₹**397.81 crores** as at March 31, 2019, (₹466.01 crores as at March 31, 2018), which are yet to be executed.

Notes Forming Part of Financial Statements

40. Earnings per Share ("EPS")

			Year ended March 31, 2019	Year ended March 31, 2018
(a)	Profit/(loss) after tax	₹ crores	2,020.60	(1,034.85)
(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	2
(e)	Share of profit / (loss) for Ordinary shares for Basic EPS	₹ crores	1,713.71	(879.89)
(f)	Share of profit / (loss) for 'A' Ordinary shares for Basic EPS *	₹ crores	306.89	(154.96)
(g)	Earnings per Ordinary share (Basic)	₹	5.94	(3.05)
(h)	Earnings per 'A' Ordinary share (Basic)	₹	6.04	(3.05)
(i)	Profit after tax for Diluted EPS	₹ crores	2,020.60	#
(j)	The weighted average number of Ordinary shares for Basic EPS	Nos.	2,887,348,474	#
(k)	Add: Adjustment for Options relating to warrants and shares held in abeyance	Nos.	494,352	#
(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.	508,502,371	#
(n)	Add: Adjustment for 'A' Ordinary shares held in abeyance	Nos.	233,739	#
(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	1,713.63	#
(q)	Share of profit for 'A' Ordinary shares for Diluted EPS *	₹ crores	306.97	#
(r)	Earnings per Ordinary share (Diluted)	₹	5.94	(3.05)
(s)	Earnings per 'A' Ordinary share (Diluted)	₹	6.04	(3.05)

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

#Since there is a loss for the year ended March 31, 2018, 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.

41. Capital Management

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

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

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

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

The following table summarises the capital of the Company:

(₹ in crores)

	As at March 31, 2019	As at March 31, 2018
Equity	22,182.47	20,161.13
Short-term borrowings and current maturities of long-term borrowings	4,719.82	5,307.93
Long-term borrowings	13,919.81	13,155.91
Total borrowings	**18,639.63**	**18,463.84**
Total capital (Debt + Equity)	**40,822.10**	**38,624.97**
Total equity as reported in balance sheet	22,162.52	20,170.98
Hedging reserve	26.40	3.14
Cost of Hedge reserve	(6.45)	(12.99)
Equity as reported above	**22,182.47**	**20,161.13**

Notes Forming Part of Financial Statements

42. Disclosures on financial instruments

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

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

	Cash, and other financial assets at amortised cost	Investments - FVTOCI	Investments - FVTPL	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Total carrying value	Total fair value
Financial assets							
(a) Investments - non-current	-	663.38	-	-	-	663.38	663.38
(b) Investments - current	-	0.91	1,174.46	-	-	1,175.37	1,175.37
(c) Trade receivables	3,250.64	-	-	-	-	3,250.64	3,250.64
(d) Cash and cash equivalents	487.40	-	-	-	-	487.40	487.40
(e) Other bank balances	819.21	-	-	-	-	819.21	819.21
(f) Loans and advances - non-current	143.13	-	-	-	-	143.13	143.13
(g) Loans and advances - current	200.08	-	-	-	-	200.08	200.08
(h) Other financial assets - non-current	633.43	-	-	360.96	-	994.39	994.39
(i) Other financial assets - current	1,248.64	-	-	2.73	28.31	1,279.68	1,279.68
Total	**6,782.53**	**664.29**	**1,174.46**	**363.69**	**28.31**	**9,013.28**	**9,013.28**

	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Other financial liabilities	Total carrying value	Total fair value
Financial liabilities					
(a) Long-term borrowings (including Current maturities of long-term borrowings)	-	-	15,021.91	15,021.91	15,030.12
(b) Short-term borrowings	-	-	3,617.72	3,617.72	3,617.72
(c) Trade payables	-	-	10,408.83	10,408.83	10,408.83
(d) Acceptances	-	-	3,093.28	3,093.28	3,093.28
(e) Other financial liabilities - non-current	0.86	57.57	122.37	180.80	180.80
(f) Other financial liabilities - current	9.14	1.39	1,125.35	1,135.88	1,135.88
Total	**10.00**	**58.96**	**33,389.46**	**33,458.42**	**33,466.63**

Notes Forming Part of Financial Statements

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

(₹ in crores)

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

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

Notes Forming Part of Financial Statements

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

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

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

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

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2019 and 2018.

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

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

(₹ in crores)

	As at March 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
(a) Investments	1,445.54	-	393.21	**1,838.75**
(b) Derivative assets	-	392.00	-	**392.00**
Total	**1,445.54**	**392.00**	**393.21**	**2,230.75**
Financial liabilities measured at fair value				
(a) Derivative liabilities	-	68.96	-	**68.96**
Total	**-**	**68.96**	**-**	**68.96**

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

Notes Forming Part of Financial Statements

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

(₹ in crores)

	As at March 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value				
(a) Investments	-	-	-	-
Total	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value				
(a) Long-term borrowings (including Current maturities of long-term borrowings)	3,544.16	11,485.96	-	**15,030.12**
(b) Short-term borrowings	-	3,617.72	-	**3,617.72**
Total	**3,544.16**	**15,103.68**	**-**	**18,647.84**

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

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

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

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

Notes Forming Part of Financial Statements

Offsetting

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

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

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 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	
Financial assets						
(a) Derivative financial instruments	392.00	-	392.00	(17.47)	-	374.53
(b) Trade receivables	3,516.06	(265.42)	3,250.64	-	-	3,250.64
(c) Loans and advances-current	209.04	(8.96)	200.08	-	-	200.08
Total	**4,117.10**	**(274.38)**	**3,842.72**	**(17.47)**	**-**	**3,825.25**
Financial liabilities						
(a) Derivative financial instruments	68.96	-	68.96	(17.47)	-	51.49
(b) Trade payables	10,683.21	(274.38)	10,408.83	-	-	10,408.83
Total	**10,752.17**	**(274.38)**	**10,477.79**	**(17.47)**	**-**	**10,460.32**

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

(₹ in crores)

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

(c) Financial risk management

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

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

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

(i) Market risk

Market risk is the risk of any loss in future earnings, in 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.

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

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

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

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

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

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

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

The following table sets forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed at clause (iv) below) as of March 31, 2019:

(₹ in crores)

	U.S. dollar	Euro	GBP	ZAR	Others[1]	Total
Financial assets	382.70	26.61	96.32	22.64	11.83	**540.10**
Financial liabilities	6,337.49	270.76	169.38	8.70	36.80	**6,823.13**

[1] Others mainly include currencies such as the Russian ruble, Japanese yen, Swiss franc, Australian dollars, Thai bahts and Korean won.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net profit/(loss) before tax by approximately **₹54.01 crores** and **₹682.31 crores** for financial assets and financial liabilities respectively for the year ended March 31, 2019.

Notes Forming Part of Financial Statements

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

(₹ in crores)

	U.S. dollar	Euro	GBP	THB	Others[2]	Total
Financial assets	591.30	18.14	95.09	128.80	27.69	**861.02**
Financial liabilities	6,157.54	175.97	523.79	3.15	29.87	**6,890.32**

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

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

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

(i) (b) Interest rate risk

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

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

As at March 31, 2019 and 2018, financial liability of ₹**5,176.20 crores** and ₹3,239.35 crores, respectively, was subject to variable interest rates. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in decrease/increase in profit/(loss) before tax of ₹**51.76 crores** and ₹32.39 crores 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 profit/(loss) before tax basis).

(i) (c) Equity Price risk

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

The fair value of some of the Company's investments measured at fair value through other comprehensive income exposes the Company to equity price risks. These investments are subject to changes in the market price of securities. The fair value of Company's investment in quoted equity securities as of March 31, 2019 and 2018 was ₹**271.07 crores** and ₹303.84 crores, respectively. A 10% change in equity price as of March 31, 2019 and 2018 would result in an impact of ₹**27.11 crores** and ₹30.38 crores, respectively.

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

Notes Forming Part of Financial Statements

(ii) Credit risk

Credit risk is the risk of financial loss arising from 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 classified as fair value through profit and loss, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹**8,619.83 crores** and ₹7,819.91 crores as at March 31, 2019 and 2018, respectively, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, finance receivables, margin money and other financial assets excluding equity investments.

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at March 31, 2019, that defaults in payment obligations will occur.

Credit quality of financial assets and impairment loss

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

(₹ in crores)

Trade receivables	As at March 31, 2019			As at March 31, 2018		
	Gross	**Allowance**	**Net**	**Gross**	**Allowance**	**Net**
Period (in months)						
(a) Not due	1,260.50	(4.76)	1,255.74	1,674.79	(8.10)	1,666.69
(b) Overdue up to 3 months	1,274.10	(5.60)	1,268.50	1,133.46	(33.60)	1,099.86
(c) Overdue 3-6 months	183.80	(16.00)	167.80	144.00	(12.50)	131.50
(d) Overdue more than 6 months	1,133.10	(574.50)	558.60	1,071.06	(489.30)	581.76
Total	**3,851.50**	**(600.86)**	**3,250.64**	**4,023.31**	**(543.50)**	**3,479.81**

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.

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

Notes Forming Part of Financial Statements

(iii) Liquidity risk

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

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

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

The table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2019:

(₹ in crores)

Financial liabilities	Carrying amount	Due in 1st Year	Due in 2nd Year	Due in 3rd to 5th Year	Due after 5th Year	Total contractual cash flows
(a) Trade payables	10,408.83	10,408.83	-	-	-	**10,408.83**
(b) Acceptances	3,093.28	3,093.28	-	-	-	**3,093.28**
(c) Borrowings and interest thereon	19,012.67	6,183.66	5,140.86	7,046.68	4,745.97	**23,117.17**
(d) Other financial liabilities	874.68	752.31	21.41	71.79	56.85	**902.36**
(e) Derivative liabilities	68.96	10.53	0.86	-	57.57	**68.96**
Total	**33,458.42**	**20,448.61**	**5,163.13**	**7,118.47**	**4,860.39**	**37,590.60**

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

(₹ in crores)

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

Notes Forming Part of Financial Statements

(iv) Derivative financial instruments and risk management

The Company has entered into a variety of foreign currency, interest rates and commodity forward contracts and options to manage its exposure to fluctuations in foreign exchange rates, interest rates and commodity price risk. The counter-party 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	378.91	245.74
(b) Commodity Derivatives	1.70	(4.69)
(c) Interest rate derivatives	(57.57)	-
Total	**323.04**	**241.05**

The gain/loss due to fluctuation in foreign currency exchange rates on derivative contracts, recognised in the income statement was ₹**36.84 crores** (gain) and ₹6.31 crores (loss) for the years ended March 31, 2019 and 2018, respectively.

The gain/(loss) on commodity derivative contracts, recognised in the income statement was ₹**2.46 crores** and ₹6.07 crores for the years ended March 31, 2019 and 2018, respectively.

Notes Forming Part of Financial Statements

43. 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, as well as sale of related parts and accessories. The Company's products mainly include commercial vehicles and passenger vehicles.

A core 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 and passenger vehicles from Fiscal 2019

Consequent to these changes, from April 1, 2018, the automotive segment is bifurcated into the following:

(i) Commercial vehicles

(ii) Passenger vehicles

(₹ in crores)

	For the year ended/as at March 31, 2019			
	Commercial Vehicle	Passenger* Vehicle	Corporate/ Unallocable	Total
Revenues:				
External revenue	54,036.54	15,052.30	113.92	69,202.76
Inter-segment/intra-segment revenue	-	-	-	-
Total revenues	**54,036.54**	**15,052.30**	**113.92**	**69,202.76**
Segment results before other income (excluding incentives), finance costs, foreign exchange gain/(loss) (net), exceptional items and tax :	4,423.50	(1,396.08)	(349.92)	2,677.50
Reconciliation to Profit before tax:				
Other income (excluding incentives)				1,933.29
Finance costs				(1,793.57)
Foreign exchange gain/(loss) (net)				(215.22)
Exceptional items gain/(loss) (net)	(175.51)	(118.04)	90.48	(203.07)
Profit before tax				**2,398.93**
Depreciation and amortisation expense	1,533.86	1,409.40	155.38	3,098.64
Capital expenditure	2,047.89	3,191.75	76.36	5,316.00
Segment assets	22,247.03	17,650.27	-	39,897.30
Reconciliation to total assets:				
Assets classified as held for sale				162.24
Investments in subsidiaries, associates and joint ventures				15,028.62
Other investments				1,838.75
Current and non-current tax assets (net)				715.30
Other unallocated assets				3,267.42
Total assets				**60,909.63**
Segment liabilities	14,327.47	3,477.23	-	17,804.70
Reconciliation to total liabilities:				
Borrowings				18,639.63
Current tax liabilities (net)				78.30
Deferred tax liabilities (net)				205.86
Other unallocated financial liabilities				2,018.62
Total liabilities				**38,747.11**

* Includes Tata and Fiat brand vehicles.

Notes Forming Part of Financial Statements

(₹ in crores)

	For the year ended/as at March 31, 2018			
	Commercial Vehicle	Passenger* Vehicle	Corporate/ Unallocable	Total
Revenues:				
External revenue	44,875.54	13,644.58	169.69	58,689.81
Inter-segment/intra-segment revenue	-	-	-	-
Total revenues	**44,875.54**	**13,644.58**	**169.69**	**58,689.81**
Segment results before other income (excluding incentives), finance costs, foreign exchange gain/(loss) (net), exceptional items and tax :	3,474.29	(2,985.13)	(265.45)	223.71
Reconciliation to Profit before tax:				
Other income (excluding incentives)				1,557.60
Finance costs				(1,744.43)
Foreign exchange loss (net)				(17.14)
Exceptional items	(166.66)	(800.00)	-	(966.66)
Profit before tax				**(946.92)**
Depreciation and amortisation expense	1,485.90	1,470.25	145.74	3,101.89
Capital expenditure	1,276.60	2,220.14	85.98	3,582.72
Segment assets	23,083.79	16,336.60	-	39,420.39
Reconciliation to total assets:				
Assets classified as held for sale				223.33
Investments in subsidiaries, associates and joint ventures				14,632.51
Other investments				2,131.06
Current & non-current tax assets (net)				769.63
Other unallocable assets				2,035.38
Total assets				**59,212.30**
Segment liabilities	13,176.50	3,845.67	-	17,022.17
Reconciliation to total liabilities:				
Borrowings				18,463.84
Current tax liabilities (net)				21.77
Deferred tax liabilities (net)				154.61
Other unallocated financial liabilities				3,378.93
Total liabilities				**39,041.32**

* Includes Tata and Fiat brand vehicles.

Information concerning principal geographic areas is as follows:	For the year ended/as at March 31, 2019			For the year ended/as at March 31, 2018		
	Within India	Outside India	Total	Within India	Outside India	Total
Net sales to external customers by geographic area by location of customers	63,426.04	5,776.72	**69,202.76**	53,709.49	4,980.32	**58,689.81**
Non- Current Assets (Property, plant and equipment, intangible assets, other non-current assets and Goodwill) by geographic area	28,654.75	45.28	**28,700.03**	26,881.26	46.83	**26,928.09**

Notes Forming Part of Financial Statements

44. Related-party transactions

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

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

(₹ in crores)

	Subsidiaries	Joint Arrangements	Associates and its subsidiaries	Tata Sons Pvt Ltd, its subsidiaries and joint arrangements	Total
Purchase of products	1,347.76	3,943.18	2,350.45	202.47	**7,843.86**
Sale of products	5,532.96	826.43	325.91	504.53	**7,189.83**
Services received	1,095.42	-	46.20	244.37	**1,385.99**
Services rendered	174.10	6.37	14.32	0.53	**195.32**
Bills discounted	-	-	-	5,493.78	**5,493.78**
Purchase of property, plant and equipment	11.53	-	13.45	0.79	**25.77**
Sale of fixed assets (inclusive of taxes)	-	0.43	-	-	**0.43**
Purchase of business	0.10	-	-	-	**0.10**
Sale of investments	-	-	-	533.35	**533.35**
Finance given (including loans and equity)	708.57	5.75	-	-	**714.32**
Finance taken (including loans and equity)	2,242.50	-	177.00	-	**2,419.50**
Finance taken, paid back (including loans and equity)	2,331.00	-	210.00	-	**2,541.00**
Interest (income)/expense, dividend (income)/paid, net	(1,459.92)	(26.16)	(12.34)	6.62	**(1,491.80)**
Amounts receivable in respect of loans and interest thereon	637.21	3.75	-	-	**640.96**
Amounts payable in respect of loans and interest thereon	59.25	-	23.00	0.68	**82.93**
Trade and other receivables	239.14	3.11	52.03	72.71	**366.99**
Trade payables	637.84	248.47	304.22	38.53	**1,229.06**
Acceptances	-	-	-	69.13	**69.13**
Deposit taken as security	3.31	-	-	-	**3.31**
Provision for amount receivable (including loans)	639.49	-	-	-	**639.49**

Notes Forming Part of Financial Statements

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

(₹ in crores)

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

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

Details of significant transactions are given below:

Name of Related Party		Nature of relationship	Year ended March 31, 2019	Year ended March 31, 2018
i)	**Bill discounted**			
	Tata Capital	Tata Sons Pvt Ltd, its subsidiaries and joint arrangements	5,493.78	4,135.03
ii)	**Dividend Income**			
	TML Holding Pte Ltd, Singapore	Subsidiaries	1,336.25	789.85
iii)	**Sale of investments**			
	Tata Advanced Systems Ltd	Tata Sons Pvt Ltd, its subsidiaries and joint arrangements	533.35	-

Notes Forming Part of Financial Statements

Compensation of key management personnel:

(₹ in crores)

	Year ended March 31, 2019	Year ended March 31, 2018
Short-term benefits	36.35	39.49
Post-employment benefits*	0.68	1.88
Employees stock option plan	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.

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

Refer note 47 for information on transactions with post employment benefit plans.

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

(a) Amount of loans / advances in nature of loans outstanding from subsidiaries as at March 31, 2019, on a standalone basis.

(₹ in crores)

	Outstanding as at March 31, 2019/ March 31, 2018	Maximum amount outstanding during the year
Name of the Company		
(i) **Subsidiaries:**		
Tata Motors European Technical Centre Plc., UK	**38.46**	**38.46**
[Tata Motors European Technical Centre has utilised this loan for investment in National Automotive Innovation Centre set up jointly with University of Warwick and Jaguar Land rover Ltd and carried an interest rate of 12 months LIBOR+ 3% prevailing rate (5.9808% p.a- 7.1358% p.a]	39.22	39.22
Tata Hispano Motors Carrocera S.A.	**539.40**	**539.40**
(Tata Hispano Motors Carrocera S.A. has utilised this loan for meeting its capex requirement and general corporate purposes, which is fully provided)	539.40	539.40
Tata Hispano Motors Carroceries Maghreb SA	**58.39**	**58.39**
(Tata Hispano Motors Carroceries Maghreb SA has utilised this loan for general corporate purposes, which is partly provided).	58.39	58.39
Tata Precision Industries Pte Ltd	**0.51**	**0.51**
(Tata Precision Industries Ltd has utilised this loan for general corporate purposes and carried an interest rate of 5% p.a.)	-	-
(ii) **Joint arrangement:**		
JT Special Vehicle (P) Ltd	**3.75**	**3.75**
(JT Special Vehicle (P) Ltd has utilised this loan for general corporate purposes and carried an interest rate of 9.76% p.a.)	-	-
JT Special Vehicle (P) Ltd	**2.00**	**2.00**
(Inter corporate deposit utilised for working capital finance at the rate of interest of 10% having call/put option)	-	-

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

Notes Forming Part of Financial Statements

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

Name of the Company	Country of incorporation/ Place of business	% direct holding	
		As at March 31, 2019	as at March 31, 2018
Subsidiaries			
TAL Manufacturing Solutions Ltd (ceased to be subsidiary w.e.f March 29, 2019)	India	-	100.00
Concorde Motors (India) Ltd	India	100.00	100.00
Tata Motors Insurance Broking & Advisory Services Ltd	India	100.00	100.00
Tata Motors European Technical Centre Plc	UK	100.00	100.00
Tata Technologies Ltd	India	72.28	72.29
TMF Holdings Ltd	India	100.00	100.00
Tata Marcopolo Motors Ltd	India	51.00	51.00
TML Holdings Pte Ltd	Singapore	100.00	100.00
TML Distribution Company Ltd	India	100.00	100.00
Tata Hispano Motors Carrocera S.A	Spain	100.00	100.00
Tata Hispano Motors Carroceries Maghreb S.A	Morocco	100.00	100.00
Trilix S.r.l	Italy	100.00	80.00
Tata Precision Industries Pte Ltd	Singapore	78.39	78.39
Joint Ventures			
JT Special Vehicle (P) Ltd.	India	50.00	50.00
Associates			
Automobile Corporation of Goa Ltd	India	46.44	46.44
Nita Co. Ltd	Bangladesh	40.00	40.00
Tata AutoComp Systems Ltd	India	26.00	26.00
Tata Hitachi Construction Machinery Company Private Ltd	India	39.74	39.74

47. Employee benefits

Defined Benefit Plan

Pension and post retirement medical plans

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

(₹ in crores)

	Pension Benefits		Post retirement medical Benefits	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Change in defined benefit obligations :				
Defined benefit obligation, beginning of the year	898.18	860.35	138.55	169.31
Current service cost	59.49	56.64	6.76	8.89
Interest cost	66.56	60.26	10.33	12.01
Remeasurements (gains) / losses				
Actuarial (gains) / losses arising from changes in demographic assumptions	0.28	(11.28)	-	(11.17)

Notes Forming Part of Financial Statements

(₹ 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
Actuarial (gains) / losses arising from changes in financial assumptions	15.70	25.21	9.91	(2.65)
Actuarial (gains) / losses arising from changes in experience adjustments	55.64	8.70	(14.62)	(28.24)
Transfer in/(out) of liability	6.88	1.58	2.30	-
Benefits paid from plan assets	(59.37)	(105.49)	-	-
Benefits paid directly by employer	(5.54)	(5.34)	(9.00)	(9.60)
Past service cost- plan amendments	0.39	7.55	-	-
Defined benefit obligation, end of the year	**1,038.21**	**898.18**	**144.23**	**138.55**
Change in plan assets:				
Fair value of plan assets, beginning of the year	799.73	738.53	-	-
Interest income	63.23	55.42	-	-
Remeasurements gains / (losses)				
Return on plan assets, (excluding amount included in net Interest expense)	(0.23)	(0.59)	-	-
Employer's contributions	105.36	110.28	-	-
Transfer in/(out) of assets	5.89	1.58	-	-
Benefits paid	(59.37)	(105.49)	-	-
Fair value of plan assets, end of the year	**914.61**	**799.73**	**-**	**-**

(₹ 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
Amount recognised in the balance sheet consists of				
Present value of defined benefit obligation	1,038.21	898.18	144.23	138.55
Fair value of plan assets	914.61	799.73	-	-
Net liability	**(123.60)**	**(98.45)**	**(144.23)**	**(138.55)**
Amounts in the balance sheet:				
Non–current assets	0.87	0.82	-	-
Non–current liabilities	(124.47)	(99.27)	(144.23)	(138.55)
Net liability	**(123.60)**	**(98.45)**	**(144.23)**	**(138.55)**

Notes Forming Part of Financial Statements

Total amount recognised in other comprehensive income consists of:

(₹ in crores)

	Pension Benefits		Post retirement medical Benefits	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Remeasurements (gains) / losses	66.86	(4.99)	(44.91)	(40.20)
	66.86	**(4.99)**	**(44.91)**	**(40.20)**

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	905.33	44.71
Fair value of plan assets	894.09	41.99

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	19.65	756.92
Fair value of plan assets	20.52	757.74

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	113.23	96.55	144.23	138.55

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

(₹ 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
Service cost	59.49	56.64	6.76	8.89
Net interest cost / (income)	3.33	4.84	10.33	12.01
Past service cost- plan amendments	0.39	7.55	-	-
Net periodic cost	**63.21**	**69.03**	**17.09**	**20.90**

Notes Forming Part of Financial Statements

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

(₹ 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				
Return on plan assets, (excluding amount included in net Interest expense)	0.23	0.59	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	0.28	(11.28)	-	(11.17)
Actuarial (gains) / losses arising from changes in financial assumptions	15.70	25.21	9.91	(2.65)
Actuarial (gains) / losses arising from changes in experience adjustments on plan liabilities	55.64	8.70	(14.62)	(28.24)
Total recognised in other comprehensive income	**71.85**	**23.22**	**(4.71)**	**(42.06)**
Total recognised in statement of profit and loss and other comprehensive income	**135.06**	**92.25**	**12.38**	**(21.16)**

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%	6.75%-7.70%	7.60%	7.70%
Rate of increase in compensation level of covered employees	6.00% - 10.00%	6.00% - 8.00%	NA	NA
Increase in health care cost	NA	NA	6.00%	6.00%

Plan Assets

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

	Pension Benefits	
	As at March 31, 2019	As at March 31, 2018
Asset category:		
Cash and cash equivalents	7.2%	6.5%
Debt instruments (quoted)	66.4%	65.2%
Debt instruments (unquoted)	0.8%	0.9%
Equity instruments (quoted)	2.9%	1.9%
Deposits with Insurance companies	22.7%	25.5%
	100.0%	**100.0%**

Notes Forming Part of Financial Statements

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 **14.4 years** (March 31, 2018 : 14.5 years).

The Company expects to contribute ₹**87.58 crores** to the funded pension plans during the year ended March 31, 2020.

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

Assumption	**Change in assumption**	**Impact on defined benefit obligation**	**Impact on service cost and interest cost**
Discount rate	Increase by 1%	Decrease by ₹ 89.32 crores	Decrease by ₹ 18.30 crores
	Decrease by 1%	Increase by ₹ 101.15 crores	Increase by ₹ 19.09 crores
Salary escalation rate	Increase by 1%	Increase by ₹ 80.52 crores	Increase by ₹ 18.08 crores
	Decrease by 1%	Decrease by ₹ 71.56 crores	Decrease by ₹ 15.98 crores
Health care cost	Increase by 1%	Increase by ₹ 17.36 crores	Increase by ₹ 3.64 crores
	Decrease by 1%	Decrease by ₹ 14.69 crores	Decrease by ₹ 3.49 crores

The Company's contribution to defined contribution plan aggregated to ₹**184.80 crores** and ₹182.20 crores for the years ended March 31, 2019 and 2018 respectively.

Notes Forming Part of Financial Statements

48 Additional information

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

A. Balance Sheet

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
I. ASSETS		
(1) NON-CURRENT ASSETS		
(a) Property, plant and equipment	16,353.39	16,030.88
(b) Capital work-in-progress	2,018.21	1,337.89
(c) Other intangible assets	3,731.44	3,198.53
(d) Intangible assets under development	4,119.15	3,811.03
(e) Investments in subsidiaries, joint arrangements and associates	16,427.86	15,607.64
(f) Financial assets		
(i) Investments	663.38	310.19
(ii) Loans and advances	142.51	143.36
(iii) Other financial assets	1,015.44	784.46
(g) Non-current tax assets (net)	660.20	650.46
(h) Other non-current assets	1,648.04	1,419.52
	46,779.62	**43,293.96**
(2) CURRENT ASSETS		
(a) Inventories	4,022.41	4,925.47
(b) Investments in subsidiaries and associates (held-for-sale)	257.81	681.91
(c) Financial assets		
(i) Investments	1,102.17	1,820.87
(ii) Trade receivables	2,940.49	2,960.93
(iii) Cash and cash equivalents	416.72	499.65
(iv) Bank balances other than (iii) above	763.64	180.38
(v) Loans and advances	161.61	136.37
(vi) Other financial assets	1,112.36	525.36
(d) Current tax assets (net)	-	73.88
(e) Assets classified as held-for-sale	162.24	223.33
(f) Other current assets	774.25	1,172.45
	11,713.70	**13,200.60**
TOTAL ASSETS	**58,493.32**	**56,494.56**
II. EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	679.22	679.22
(b) Other equity	20,879.27	19,004.01
	21,558.49	**19,683.23**
LIABILITIES		
(1) NON-CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	13,330.00	12,517.97
(ii) Other financial liabilities	180.80	211.28
(b) Provisions	1,251.44	983.55
(c) Other non-current liabilities	142.96	97.90
	14,905.20	**13,810.70**
(2) CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	3,529.50	2,880.34
(ii) Trade payables		
(a) Total outstanding dues of micro and small enterprises	123.09	123.27
(b) Total outstanding dues of creditors other than micro and small enterprises	9,780.42	8,543.86
(iii) Acceptances	3,093.28	4,814.58
(iv) Other financial liabilities	2,057.07	3,936.77
(b) Provisions	1,149.31	852.93
(c) Current tax liabilities (net)	55.10	14.76
(d) Other current liabilities	2,241.86	1,834.12
	22,029.63	**23,000.63**
TOTAL EQUITY AND LIABILITIES	**58,493.32**	**56,494.56**

Notes Forming Part of Financial Statements

B. Statement of Profit and Loss

(₹ in crores)

	Particulars		Year ended March 31, 2019	Year ended March 31, 2018
	Revenue from operations			
	Revenue		67,209.22	56,081.36
	Other operating revenue		401.85	451.84
I.	Total revenue from operations		**67,611.07**	**56,533.20**
II.	Other Income		2,381.45	2,283.40
III.	**Total Income (I+II)**		**69,992.52**	**58,816.60**
IV.	**Expenses**			
	(a) Cost of materials consumed		41,843.32	35,011.52
	(b) Purchases of products for sale		8,181.65	5,724.01
	(c) Changes in inventories of finished goods, work-in-progress and products for sale		118.52	845.67
	(d) Excise duty		-	733.95
	(e) Employee benefits expense		4,054.14	3,767.86
	(f) Finance costs		1,743.64	1,686.59
	(g) Foreign exchange loss (net)		180.88	10.99
	(h) Depreciation and amortisation expense		2,758.58	2,851.27
	(i) Product development/Engineering expenses		571.32	474.55
	(j) Other expenses		9,302.16	8,907.44
	(k) Amount transferred to capital and other accounts		(1,093.54)	(855.08)
	Total Expenses (IV)		**67,660.67**	**59,158.77**
V.	**Profit/(loss) before exceptional items and tax (III-IV)**		2,331.85	(342.17)
VI.	Exceptional items			
	(a) Employee separation cost		4.23	3.68
	(b) Write off/provision of capital work-in-progress and intangibles under development (net)		180.66	962.98
	(c) Provision for impairment of investments in subsidiary companies		241.86	-
	(d) Profit on sale of investment in a subsidiary company		(332.95)	-
	(e) Others		109.27	-
VII.	**Profit/(loss) before tax (V-VI)**		**2,128.78**	**(1,308.83)**
VIII.	**Tax expense (net)**			
	(a) Current tax (including Minimum Alternate Tax)		190.96	6.00
	(b) Deferred tax		33.88	(48.64)
	Total tax expense		**224.84**	**(42.64)**
IX.	**Profit/(loss) for the year from continuing operations (VII-VIII)**		**1,903.94**	**(1,266.19)**
X.	**Other comprehensive income/(loss):**			
	(A) (i) Items that will not be reclassified to profit and loss:			
	(a) Remeasurement gains and (losses) on defined benefit obligations (net)		(66.64)	16.71
	(b) Quoted equity instruments through other comprehensive income		55.44	44.04
	(ii) Income tax relating to items that will not be reclassified to profit and loss		17.95	(5.78)
	(B) (i) Items that will be reclassified to profit and loss - gains and (losses) in cash flow hedges		(45.72)	(19.56)
	(ii) Income tax relating to items that will be reclassified to profit and loss		15.92	6.77
	Total other comprehensive income/(loss), net of taxes		**(23.05)**	**42.18**
XI.	**Total comprehensive income/(loss) for the year (IX+X)**		**1,880.89**	**(1,224.01)**
XII.	**Earnings per equity share (EPS)**			
	(a) Ordinary shares:			
	(i) Basic	₹	5.59	(3.73)
	(ii) Diluted	₹	5.59	(3.73)
	(b) 'A' Ordinary shares:			
	(i) Basic	₹	5.69	(3.73)
	(ii) Diluted	₹	5.69	(3.73)

Notes Forming Part of Financial Statements

C. Statement of Changes in Equity for the year ended March 31, 2019

i) Equity Share Capital

(₹ in crores)

Particulars	
Balance as at April 1, 2018	679.22
Proceeds from issue of shares held in abeyance	-
Balance as at March 31, 2019	**679.22**

ii) Other Equity

(₹ in crores)

Particulars	Securities premium	Share based payments reserve	Capital redemption reserve	Debenture redemption	Capital reserve	Retained earnings		Other components of equity (OCI)			Total other equity
						Undistributable (Ind AS 101)	Distributable	Equity instruments through OCI	Hedging reserve	Cost of hedging reserve	
Balance as at April 1, 2018	19,213.93	-	2.28	1,085.94	(345.30)	627.03	(1,606.64)	16.92	(3.14)	12.99	**19,004.01**
Purchase of business from a subsidiary company	-	-	-	-	(14.07)	-	-	-	-	-	**(14.07)**
Profit for the year	-	-	-	-	-	-	1,903.94	-	-	-	**1,903.94**
Other comprehensive income /(loss) for the year	-	-	-	-	-	-	(43.52)	50.27	(23.26)	(6.54)	**(23.05)**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,860.42**	**50.27**	**(23.26)**	**(6.54)**	**1,880.89**
Realised gain on investments held at fair value through Other comprehensive income	-	-	-	-	-	-	4.93	(4.93)	-	-	**-**
Share-based payments	-	8.44	-	-	-	-	-	-	-	-	**8.44**
Balance as at March 31, 2019	**19,213.93**	**8.44**	**2.28**	**1,085.94**	**(359.37)**	**627.03**	**258.71**	**62.26**	**(26.40)**	**6.45**	**20,879.27**

Notes Forming Part of Financial Statements

D. Statement of Changes in Equity for the period ended March 31, 2018

i) Equity Share Capital

(₹ in crores)

Particulars	Equity Share Capital
Balance as at April 1, 2017	679.22
Proceeds from issue of shares held in abeyance	0.00*
Balance as at March 31, 2018	**679.22**

* *less than ₹ 50,000/-*

ii) Other Equity

(₹ in crores)

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

* *less than ₹ 50,000/-*

Notes Forming Part of Financial Statements

49. Other notes:

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

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

(₹ in crores)

			As at March 31, 2019	As at March 31, 2018
(a)	Amounts outstanding but not due as at March 31,		126.96	141.59
(b)	Amounts due but unpaid as at March 31,	- Principal	7.16	0.69
(c)	Amounts paid after appointed date during the year	- Principal	56.06	95.50
(d)	Amount of interest accrued and unpaid as at March 31,	- Interest	3.50	2.55
(e)	Amount of estimated interest due and payable for the period from April 1, 2019 to actual date of payment or May 20, 2019 (whichever is earlier)	- Interest	0.13	0.17

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

(₹ in crores)

		Year ended March 31, 2019	Year ended March 31, 2018
(a)	Revenue expenditure charged to statement of profit and loss (Product development/ Engineering expenses, exceptional items and works, operations & other expenses)	825.06	923.10
(b)	Revenue expenditure capitalised to intangibles under development during the year	1,864.41	1,362.51
(c)	Capital expenditure in relation to tangible fixed assets	275.78	111.91
		2,965.25	**2,397.52**

iii) On March 29, 2019, TAL Manufacturing Solutions Limited (TAL) has transferred the Non-aerospace business to the Company including but not limited to the transfer of (i) all the employees (ii) all assets related to non-aerospace business and (iii) all past, present and future liabilities in respect of the non-aerospace business. The transaction is between entities within the Group (common control business combination). Hence, the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the earliest period presented in the financial statements. However, as the amounts are not material, previous year financial statements are not restated.

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

As per our report of even date attached

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

YEZDI NAGPOREWALLA
Partner
Membership No. 049265

Mumbai, May 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