NOTES forming part of the financial statements

1. COMPANY INFORMATION

Tata Steel Limited ("the Company") is a public limited Company incorporated in India with its registered office in Mumbai, Maharashtra, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

The Company has presence across the entire value chain of steel manufacturing, from mining and processing iron ore and coal to producing and distributing finished products. The Company offers a broad range of steel products including a portfolio of high value-added downstream products such as hot rolled, cold rolled and coated steel, rebars, wire rods, tubes and wires.

The financial statements as at March 31, 2017 present the financial position of the Company.

The functional and presentation currency of the Company is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Company operates.

As on March 31, 2017, Tata Sons Limited (or Tata Sons) owns 29.75% of the Ordinary shares of the Company, and has the ability to influence the Company's operations

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorised for issue on May 16, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company in the preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements and in preparing the opening Ind AS Balance Sheet as at April 1, 2015 for the purpose of transition to Ind AS, unless otherwise indicated.

(a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016.

The transition from Previous GAAP to Ind AS has been accounted for in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards", with April 1, 2015 being the transition date.

In accordance with Ind As 101 "First time adoption of Indian Accounting Standard", the Company has presented a reconciliation from the presentation of financial statements under accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of total equity as at April 1, 2015 and March 31, 2016, total comprehensive income and cash flow for the year ended March 31, 2016.

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(c) Use of estimates and critical accounting judgements

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

(d) Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. This recognition principle is applied to the costs incurred initially to acquire an item of property, plant and equipment and also to costs incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognised in the statement of profit and loss as incurred. When a replacement occurs, the carrying value of the replaced part is de-recognised. Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items.

NOTES forming part of the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use. Trial run expenses (net of revenue) are capitalised. Borrowing costs incurred during the period of construction is capitalised as part of cost of the qualifying assets.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of profit and loss.

(e) Exploration for and evaluation of mineral resources

Expenditures associated with search for specific mineral resources are recognised as exploration and evaluation assets. The following expenditure comprises cost of exploration and evaluation assets:

- obtaining of the rights to explore and evaluate mineral reserves and resources including costs directly related to this acquisition
- researching and analysing existing exploration data
- conducting geological studies, exploratory drilling and sampling
- examining and testing extraction and treatment methods
- compiling pre-feasibility and feasibility studies
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Administration and other overhead costs are charged to the cost of exploration and evaluation assets only if directly related to an exploration and evaluation project.

If a project does not prove viable, all irrecoverable exploration and evaluation expenditure associated with the project net of any related impairment allowances is written off to the statement of profit and loss.

The Company measures its exploration and evaluation assets at cost and classifies as property, plant and equipment or intangible assets according to the nature of the assets acquired and applies the classification consistently. To the extent that tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is capitalised as a part of the cost of the intangible asset.

As the asset is not available for use, it is not depreciated. All exploration and evaluation assets are monitored for indications of impairment. An exploration and evaluation asset is no longer classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and the development of the deposit is sanctioned by the management. The carrying value of such exploration and evaluation asset is reclassified to mining assets.

(f) Development expenditure for mineral reserves

Development is the establishment of access to mineral reserves and other preparations for commercial production. Development activities often continue during production and include:

- sinking shafts and underground drifts (often called mine development)
- making permanent excavations
- developing passageways and rooms or galleries
- building roads and tunnels and
- advance removal of overburden and waste rock.

Development (or construction) also includes the installation of infrastructure (e.g., roads, utilities and housing), machinery, equipment and facilities.

Development expenditure is capitalised and presented as part of mining assets. No depreciation is charged on the development expenditure before the start of commercial production.

(g) Provision for restoration and environmental costs

The Company has liabilities related to restoration of soil and other related works, which are due upon the closure of certain of its production sites.

Such liabilities are estimated case-by-case based on available information, taking into account applicable local legal requirements. The estimation is made using existing technology, at current prices, and discounted using a discount rate where the effect of time value of money is material. Future restoration and environmental costs, discounted to net present value, are capitalised and the corresponding restoration liability is raised as soon as the obligation to incur such costs arises. Future restoration and environmental costs are capitalised in property, plant and equipment or mining assets as appropriate and are depreciated over the life of the related asset. The effect of the time value of money on the restoration and environmental costs liability is recognised in the statement of profit and loss.

(h) Intangible assets (excluding goodwill)

Patents, trademarks and software costs are included in the balance sheet as intangible assets where they are clearly

NOTES forming part of the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

linked to long term economic benefits for the Company. In this case they are measured initially at purchase cost and then amortised on a straight line basis over their estimated useful lives. All other costs on patents, trademarks and software are expensed in the statement of profit and loss as and when incurred.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on individual development projects are recognised as intangible assets from the date when all of the following conditions are met:

(i) completion of the development is technically feasible.
(ii) it is the intention to complete the intangible asset and use or sell it.
(iii) it is clear that the intangible asset will generate probable future economic benefits.
(iv) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available and;
(v) it is possible to reliably measure the expenditure attributable to the intangible asset during its development.

Recognition of costs as an asset is ceased when the project is complete and available for its intended use, or if these criteria no longer applicable.

Where development activities do not meet the conditions for recognition as an asset, any associated expenditure is treated as an expense in the period in which it is incurred.

Subsequent to initial recognition, intangible assets with definite useful lives are reported at cost less accumulated amortisation and accumulated impairment losses.

(i) Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation or amortisation is provided so as to write off, on a straight line basis, the cost of property, plant and equipment and other intangible assets, including those held under finance leases to their residual value. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period, if shorter. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. No further charge is provided in respect of assets that are fully written down but are still in use.

Depreciation on assets under construction commences only when the assets are ready for their intended use.

The estimated useful lives for the main categories of property, plant and equipment and other intangible assets are:

	Estimated useful life (years)
Buildings	upto 60 years*
Roads	5 years
Plant and Machinery	upto 40 years*
Railway Sidings	upto 35 years*
Vehicles and Aircraft	5 to 20 years
Furniture, Fixtures and Office Equipments	4 to 6 years
Computer Software	5 years
Assets covered under Electricity Act (life as prescribed under the Electricity Act)	3 to 34 years

Mining assets are amortised over the useful life of the mine or lease period whichever is lower.

Major furnace relining expenses are depreciated over a period of 10 years (average expected life).

Freehold land is not depreciated.

Assets value upto ₹25,000 are fully depreciated in the year of acquisition.

*For these class of assets, based on internal assessment and independent technical evaluation carried out by chartered engineers, the Company believes that the useful lives as given above best represent the period over which Company expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

(j) Impairment

At each balance sheet date, the Company reviews the carrying values of its property, plant and equipment and intangible assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

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. An impairment loss is recognised in the statement

NOTES forming part of the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying value does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss immediately.

(k) Leases

The Company determines whether an arrangement contains a lease by assessing whether the fulfillment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Company in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for either as finance or operating lease.

Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

(i) **Operating lease** – Rentals payable under operating leases are charged to the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(ii) **Finance lease** – Finance leases are capitalised at the commencement of lease, at the lower of the fair value of the property or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of profit and loss over the period of the lease.

The Company as lessor

(i) **Operating lease** – Rental income from operating leases is recognised in the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight line basis over the lease term.

(ii) **Finance lease** – When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

(l) Stripping costs

The Company separates two different types of stripping costs that are incurred in surface mining activity:

- developmental stripping costs and
- production stripping costs

Developmental stripping costs which are incurred in order to obtain access to quantities of mineral reserves that will be mined in future periods are capitalised as part of mining assets. Capitalisation of developmental stripping costs ends when the commercial production of the mineral reserves begins.

A mine can operate several open pits that are regarded as separate operations for the purpose of mine planning and production. In this case, stripping costs are accounted for separately, by reference to the ore extracted from each separate pit. If, however, the pits are highly integrated for the purpose of mine planning and production, stripping costs are aggregated too.

The determination of whether multiple pit mines are considered separate or integrated operations depends on each mine's specific circumstances. The following factors normally point towards the stripping costs for the individual pits being accounted for separately:

- mining of the second and subsequent pits is conducted consecutively with that of the first pit, rather than concurrently

NOTES forming part of the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

- separate investment decisions are made to develop each pit, rather than a single investment decision being made at the outset
- the pits are operated as separate units in terms of mine planning and the sequencing of overburden and ore mining, rather than as an integrated unit
- expenditures for additional infrastructure to support the second and subsequent pits are relatively large
- the pits extract ore from separate and distinct ore bodies, rather than from a single ore body.

The relative importance of each factor is considered by the management to determine whether, on balance, the stripping costs should be attributed to the individual pit or to the combined output from the several pits.

Production stripping costs are incurred to extract the ore in the form of inventories and/or to improve access to an additional component of an ore body or deeper levels of material. Production stripping costs are accounted for as inventories to the extent the benefit from production stripping activity is realised in the form of inventories.

The Company recognises a stripping activity asset in the production phase if, and only if, all of the following are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the Company
- the entity can identify the component of the ore body for which access has been improved and
- the costs relating to the improved access to that component can be measured reliably.

Such costs are presented within mining assets. After initial recognition, stripping activity assets are carried at cost less accumulated amortisation and impairment. The expected useful life of the identified component of the ore body is used to depreciate or amortise the stripping asset.

(m) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(a) Financial assets

Cash and bank balances

Cash and bank balances consist of:

(i) **Cash and cash equivalents** - which includes cash in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of less than one year from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.

(ii) **Other bank balances** - which includes balances and deposits with banks that are restricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

NOTES forming part of the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income.

The Company recognises life time expected credit losses for all trade receivables that do not constitute a financing transaction.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all 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 assets 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.

(b) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments and hedge accounting

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, cross currency swaps, interest rate swaps and collars. The instruments are employed as hedges of transactions included in the financial statements or for highly probable forecast transactions/firm contractual commitments. These derivatives contracts do not generally extend beyond six months, except for certain currency swaps and interest rate derivatives.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

The Company adopts hedge accounting for forward and interest rate contracts wherever possible. At the inception of each hedge, there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at the inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the statement of profit and loss.

NOTES forming part of the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

When hedge accounting is applied:

- for fair value hedges of recognised assets and liabilities, changes in fair value of the hedged assets and liabilities attributable to the risk being hedged, are recognised in the statement of profit and loss and compensate for the effective portion of symmetrical changes in the fair value of the derivatives
- for cash flow hedges, the effective portion of the change in the fair value of the derivative is recognised directly in equity and the ineffective portion is taken to the statement of profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in the statement of profit and loss in the same period in which the hedged item affects the statement of profit and loss.

In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the statement of profit and loss as and when they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit and loss for the period.

(n) Employee benefits

Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit plans

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/(asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/(asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised based on actuarial valuation at the present value of the obligation as on the reporting date.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution.

Stores and spare parts are carried at lower of cost and net realisable value.

Provisions are made to cover slow moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their product lines and market conditions.

(p) Provisions

Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, which is expected to result in an outflow of resources embodying economic benefits which can be reliably estimated. Each provision is based on the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the time value of money is material, provisions are measured on a discounted basis.

Constructive obligation is an obligation that derives from an entity's actions where:

NOTES forming part of the financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and;

(b) as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

(q) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

(r) Government grants

Government grants related to expenditure on property, plant and equipment are credited to the statement of profit and loss over the useful lives of qualifying assets or other systematic basis representative of the pattern of fulfilment of obligations associated with the grant received. Total grants received less the amounts credited to the statement of profit and loss at the balance sheet date are included in the balance sheet as deferred income.

(s) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Company must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of the discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount in the statement of profit and loss, with all prior periods being presented on this basis.

(t) Income taxes

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

Current and deferred tax are recognised as an expense or income in the statement of profit and loss, except when they relate to items credited or debited either in other comprehensive income or directly in equity, in which case

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

the tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

(u) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable net of discounts, taking into account contractually defined terms and excluding taxes or duties collected on behalf of the government.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Rental income

Rental income from investment properties and subletting of properties is recognised on a straight line basis over the term of the relevant leases.

Commission income

Commission income is recognised when the services are rendered.

(v) Foreign currency transactions and translations

The financial statements of the Company are presented in Indian rupees (₹), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on translation of long term foreign currency monetary items recognised in the financial statements before the beginning of the first Ind AS financial reporting period in respect of which the Company has elected to recognise such exchange differences in equity or as part of cost of assets as allowed under Ind AS 101-"First time adoption of Indian Accounting Standard" are recognised directly in equity or added/deducted to/ from the cost of assets as the case may be. Such exchange differences recognised in equity or as part of cost of assets is recognised in the statement of profit and loss on a systematic basis.

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period.

(w) Borrowing costs

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is recognised in the statement of profit and loss.

Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related securities and included within borrowing costs. Premiums payable on early redemptions of debt securities, in lieu of future finance costs, are written off as borrowing costs when paid.

NOTES forming part of the financial statements

3. PROPERTY, PLANT AND EQUIPMENT

[Item No. I(a), Page 172]

(₹ crore)

	Land including roads	Buildings	Plant and Machinery	Furniture, fixtures and office equipments	Vehicles	Railway Sidings	Total
Cost/Deemed cost as at April 1, 2016	13,777.17	4,920.91	34,717.09	238.29	309.00	414.72	54,377.18
Additions	281.57	801.91	23,744.86	114.00	22.12	609.28	25,573.74
Disposals	-	(0.05)	(3.69)	(0.11)	(6.97)	-	(10.82)
Cost /Deemed cost as at March 31, 2017	**14,058.74**	**5,722.77**	**58,458.26**	**352.18**	**324.15**	**1,024.00**	**79,940.10**
Impairment as at April 1, 2016	0.13	1.32	0.09	-	-	-	1.54
Other re-classifications	0.02	-	-	-	-	-	0.02
Accumulated impairment as at March 31, 2017	**0.15**	**1.32**	**0.09**	**-**	**-**	**-**	**1.56**
Accumulated depreciation as at April 1, 2016	285.28	239.75	3,925.67	198.93	136.62	28.34	4,814.59
Charge for the period	105.14	221.68	2,919.71	47.62	28.10	29.24	3,351.49
Disposals	-	-	(0.82)	(0.09)	(5.58)	-	(6.49)
Other re-classifications	(0.02)	-	-	-	-	-	(0.02)
Accumulated depreciation as at March 31, 2017	**390.40**	**461.43**	**6,844.56**	**246.46**	**159.14**	**57.58**	**8,159.57**
Total accumulated depreciation and impairment as at March 31, 2017	**390.55**	**462.75**	**6,844.65**	**246.46**	**159.14**	**57.58**	**8,161.13**
Net carrying value as at April 1, 2016	13,491.76	4,679.84	30,791.33	39.36	172.38	386.38	49,561.05
Net carrying value as at March 31, 2017	**13,668.19**	**5,260.02**	**51,613.61**	**105.72**	**165.01**	**966.42**	**71,778.97**

(₹ crore)

	Land including roads	Buildings	Plant and Machinery	Furniture, fixtures and office equipments	Vehicles	Railway Sidings	Total
Cost/Deemed cost as at April 1, 2015	13,614.02	4,582.69	33,710.66	215.91	284.93	413.38	52,821.59
Additions	163.60	342.37	1,010.06	22.53	31.67	1.34	1,571.57
Disposals	(0.45)	(4.15)	(3.63)	(0.15)	(7.60)	-	(15.98)
Cost /Deemed cost as at March 31, 2016	**13,777.17**	**4,920.91**	**34,717.09**	**238.29**	**309.00**	**414.72**	**54,377.18**
Accumulated impairment as at April 1, 2015	-	1.25	-	-	-	-	1.25
Charge for the period	0.13	0.11	0.09	-	-	-	0.33
Other re-classifications	-	(0.04)	-	-	-	-	(0.04)
Accumulated impairment as at March 31, 2016	**0.13**	**1.32**	**0.09**	**-**	**-**	**-**	**1.54**
Accumulated depreciation as at April 1, 2015	234.08	0.59	1,409.42	176.90	116.87	-	1,937.86
Charge for the period	51.20	239.37	2,516.58	22.14	25.98	28.34	2,883.61
Disposals	-	(0.25)	(0.33)	(0.11)	(6.23)	-	(6.92)
Other re-classifications	-	0.04	-	-	-	-	0.04
Accumulated depreciation as at March 31, 2016	**285.28**	**239.75**	**3,925.67**	**198.93**	**136.62**	**28.34**	**4,814.59**
Total accumulated depreciation and impairment as at March 31, 2016	**285.41**	**241.07**	**3,925.76**	**198.93**	**136.62**	**28.34**	**4,816.13**
Net carrying value as at April 1, 2015	13,379.94	4,580.85	32,301.24	39.01	168.06	413.38	50,882.48
Net carrying value as at March 31, 2016	**13,491.76**	**4,679.84**	**30,791.33**	**39.36**	**172.38**	**386.38**	**49,561.05**

(i) Buildings include ₹**2.32** crore (March 31, 2016: ₹2.32 crore; April 1, 2015: ₹2.32 crore) being cost of shares in co-operative housing societies and limited companies.

NOTES forming part of the financial statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

[Item No. I(a), Page 172]

(ii) The net carrying value of plant and machinery comprises of:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets held under finance leases			
Cost/ Deemed cost	3,522.09	2,792.09	2,792.09
Accumulated depreciation and impairment losses	1,486.69	1,393.74	1,325.13
	2,035.40	**1,398.35**	**1,466.96**
Owned assets	**49,578.21**	**29,392.98**	**30,834.28**
	51,613.61	**30,791.33**	**32,301.24**

(iii) The net carrying value of furniture, fixtures and office equipments comprises of:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Furniture and fixtures:			
Cost/Deemed cost	84.02	59.51	52.56
Accumulated depreciation and impairment losses	71.47	52.97	48.94
	12.55	**6.54**	**3.62**
Office equipments:			
Cost/Deemed cost	268.16	178.78	163.35
Accumulated depreciation and impairment losses	174.99	145.96	127.96
	93.17	**32.82**	**35.39**
	105.72	**39.36**	**39.01**

(iv) ₹**221.25** crore (2015-16: ₹1,069.58 crore) of borrowing costs has been capitalised during the year on qualifying assets using a capitalisation rate of **9.50%** (2015-16: 9.50%).

(v) Rupee liability has increased by ₹**137.11** crore (2015-16: ₹107.84 crore) arising out of realignment of the value of long-term foreign currency loans and liabilities for procurement of property, plant and equipment. This increase has been adjusted against the carrying cost of assets and has been depreciated over their remaining useful life. The depreciation for the current year is higher by ₹**3.16** crore (2015-16: ₹6.48 crore) on account of this adjustment.

(vi) With effect from April 1, 2016, the Company has revised the useful life of certain items of property, plant and equipment based on technical evaluation on assessment of the physical condition of the underlying assets and benchmarking with peers across the industry. Had there been no change in the useful life of assets, depreciation for the year would have been higher by ₹**653.44** crore.

(vii) Property, plant and equipment (including capital work-in-progress) were tested for impairment during the year where indicators of impairment existed. Based on an assessment of external market conditions relating to input costs and final product realisation and evaluation of physical working conditions for items of property, plant and equipment, no indicators of impairment were identified during the current year.

During the year ended March 31, 2016, the Company recognised an impairment charge of ₹10.43 crore which primarily relates to expenses incurred on a project which the Company has decided to discontinue.

NOTES forming part of the financial statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

[Item No. I(a), Page 172]

(viii) Property, plant and equipment includes capital cost of in-house research facilities as below:

(₹ crore)

	Buildings	Plant and Machinery	Furniture, fixtures & office equipments	Vehicles	Total
Cost/ Deemed cost as at April 1, 2016	**0.26**	**60.00**	**5.01**	**0.09**	**65.36**
	0.08	*41.21*	*4.62*	*0.09*	*46.00*
Additions	**5.78**	**6.56**	**1.07**	**-**	**13.41**
	0.18	*18.79*	*0.38*	*-*	*19.35*
Cost as at March 31, 2017	**6.04**	**66.56**	**6.08**	**0.09**	**78.77**
	0.26	*60.00*	*5.00*	*0.09*	*65.35*
Capital work-in-progress					**4.74**
					5.89

Figures in italics represents comparative figures of previous years.

(ix) The details of property, plant and equipment pledged against borrowings are presented in Note 19, Page 213.

4. LEASES

The Company has taken land, buildings and plant and machinery 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:

A. Operating leases:

Significant leasing arrangements include lease of land for periods ranging between 12 to 99 years with renewal option, lease of office spaces and assets dedicated for use under long term arrangements. Payments under long term arrangements involving use of dedicated assets are allocated between those relating to the right to use of assets, executory services and for output based on the underlying contractual terms and conditions. Any change in the allocation assumptions may have an impact on the lease assessment and/or lease classification. Payments linked to changes in inflation index under the lease arrangements have been considered as contingent rent and recognised in the statement of profit and loss as and when incurred.

Future minimum lease payments under non-cancellable operating leases are as below:

(₹ crore)

	Minimum lease payments		
	As at March 31, 2017	**As at March 31, 2016**	**As at April 1, 2015**
Not later than one year	139.98	166.03	135.61
Later than one year but not later than five years	375.79	411.74	341.29
Later than five years	1,273.85	952.38	224.46
	1,789.62	**1,530.15**	**701.36**

During the year ended March 31, 2017, total operating lease rental recognised in the statement of profit and loss was ₹**255.27** crore, (2015-16: ₹231.30 crore) including contingent rent of ₹**37.07** crore (2015-16: ₹37.24 crore).

NOTES forming part of the financial statements

4. LEASES (CONTD.)

B. Finance leases:

Significant leasing arrangements include assets dedicated for use under long term arrangements. The arrangements covers a substantial part of the economic life of the underlying asset and contain a renewal option on expiry. Payments under long term arrangements involving use of dedicated assets are allocated between those relating to the right to use of assets, executory services and for output based on the underlying contractual terms and conditions. Any change in the allocation assumptions may have an impact on lease assessment and/or lease classification.

The minimum lease payments and the present value of minimum lease payments in respect of arrangements classified as finance leases are as below:

(₹ crore)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Minimum Lease payments	Present value of minimum lease payments	Minimum Lease payments	Present value of minimum lease payments	Minimum Lease payments	Present value of minimum lease payments
Not later than one year	437.55	112.69	352.08	99.98	358.92	94.25
Later than one year but not later than five years	1,525.25	409.81	1,091.15	259.39	1,147.42	278.65
Later than five years	4,246.92	1,728.72	3,283.17	1,273.48	3,547.63	1,342.77
Total future minimum lease commitments	**6,209.72**	**2,251.22**	**4,726.40**	**1,632.85**	**5,053.97**	**1,715.67**
Less: future finance charges	3,958.50		3,093.55		3,338.30	
Present value of minimum lease payments	**2,251.22**		**1,632.85**		**1,715.67**	
Disclosed as:						
Non-current borrowings (Refer Note 19, Page 213)	2,138.53		1,532.87		1,621.42	
Other financial liabilities - Current (Refer Note 20, Page 216)	112.69		99.98		94.25	
	2,251.22		**1,632.85**		**1,715.67**	

NOTES forming part of the financial statements

5. INTANGIBLE ASSETS

[Item No. I(c), Page 172]

(₹ crore)

	Software costs	Mining assets	Total
Cost/Deemed cost as at April 1, 2016	147.76	1,283.49	1,431.25
Additions	50.96	401.07	452.03
Cost/Deemed cost as at March 31, 2017	**198.72**	**1,684.56**	**1,883.28**
Accumulated impairment as at April 1, 2016	-	35.92	35.92
Charge for the period	-	1.13	1.13
Accumulated impairment as at March 31, 2017	**-**	**37.05**	**37.05**
Accumulated amortisation as at April 1, 2016	122.72	745.27	867.99
Charge for the period	23.63	166.43	190.06
Accumulated amortisation as at March 31, 2017	**146.35**	**911.70**	**1,058.05**
Total accumulated amortisation and impairment as at March 31, 2017	**146.35**	**948.75**	**1,095.10**
Net carrying value as at April 1, 2016	**25.04**	**502.30**	**527.34**
Net carrying value as at March 31, 2017	**52.37**	**735.81**	**788.18**

(₹ crore)

	Software costs	Mining assets	Total
Cost/Deemed cost as at April 1, 2015	142.40	826.60	969.00
Additions	5.36	462.36	467.72
Disposals	-	(5.47)	(5.47)
Cost/Deemed cost as at March 31, 2016	**147.76**	**1,283.49**	**1,431.25**
Accumulated impairment as at April 1, 2015	-	-	-
Charge for the period	-	35.92	35.92
Accumulated impairment as at March 31, 2016	**-**	**35.92**	**35.92**
Accumulated amortisation as at April 1, 2015	108.01	683.85	791.86
Charge for the period	14.71	63.96	78.67
Disposals	-	(2.54)	(2.54)
Accumulated amortisation as at March 31, 2016	**122.72**	**745.27**	**867.99**
Total accumulated amortisation and impairment as at March 31, 2016	**122.72**	**781.19**	**903.91**
Net carrying value as at April 1, 2015	**34.39**	**142.75**	**177.14**
Net carrying value as at March 31, 2016	**25.04**	**502.30**	**527.34**

(i) Mining assets represent expenditure incurred in relation to acquisition of mines, mine development expenditure post establishment of technical and commercial feasibility and restoration obligations as per applicable regulations.

(ii) During the year, the Company recognised an impairment charge of ₹**1.13** crore (2015-16: ₹35.92 crore) which represents expenditure incurred in connection with mines which are not currently being operated by the Company.

(iii) Software costs include software related to in-house research and development ₹**0.27** crore (March 31, 2016: ₹0.27 crore; April 1, 2015: ₹0.27 crore).

NOTES forming part of the financial statements

6. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

[Item No. I(e), Page 172]

(₹ crore)

	No. of shares of face value of ₹10 each fully paid-up unless otherwise specified	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. Investments carried at cost				
(a) Equity Investments in Subsidiary Companies				
(i) Quoted				
(1) Tata Metaliks Ltd.	1,26,67,590	26.30	26.30	26.30
(2) Tayo Rolls Limited	55,87,372	-	-	-
(3) Tata Sponge Iron Limited	83,93,554	86.54	86.54	86.54
(4) The Tinplate Company of India Ltd.	7,84,57,640	395.02	395.02	395.02
		507.86	**507.86**	**507.86**
(ii) Unquoted				
(1) ABJA Investment Co. Pte. Ltd. (Face value of USD 1 each)	2,00,000	1.08	1.08	1.08
(2) Adityapur Toll Bridge Company Limited (2,64,00,000 shares acquired during the current year)	4,14,00,000	26.40	-	-
(3) Bangla Steel & Mining Co. Ltd. (liquidated during the current year)	-	-	-	-
(4) Indian Steel & Wire Products Ltd.	56,92,651	3.08	3.08	3.08
(5) Jamshedpur Utilities & Services Company Limited	2,03,50,000	20.35	20.35	20.35
(6) Mohar Exports Services Pvt. Ltd.	3,352	-	-	-
(7) NatSteel Asia Pte. Ltd. (Face value of SGD 1 each)	28,14,37,128	773.86	773.86	773.86
(8) Rujuvalika Investments Limited	13,28,800	60.40	60.40	-
(9) Tata Steel Special Economic Zone Limited (3,36,50,000 shares acquired during the current year)	12,57,42,631	100.82	67.17	7.50
(10) Tata Incorporated	-	-	-	1.64
(11) Tata Korf Engineering Services Ltd.*	3,99,986	-	-	-
(12) Tata Steel (KZN) (Pty) Ltd. (Face value of ZAR 1 each)	12,96,00,000	-	-	-
(13) Tata Steel Holdings Pte Ltd. (Face value of GBP 1 each)	5,93,17,67,688	-	-	-
(14) Tata Steel Processing and Distribution Limited	6,82,50,000	274.45	274.45	274.45
(15) Tata Steel Odisha Limited (17,000 shares acquired during the current year)	25,67,000	2.57	2.55	2.55
(16) Tata Pigments Limited (Face value of ₹100 each)	75,000	0.70	0.70	0.70
(17) TS Alloys Limited	6,57,07,544	78.64	78.64	72.41
(18) Tata Steel Foundation (wholly owned subsidiary incorporated during the current year)	10,00,000	1.00	-	-
		1,343.35	**1,282.28**	**1,157.62**
Aggregate provision for impairment in value of investments		(15.43)	-	-
		1,327.92	**1,282.28**	**1,157.62**
		1,835.78	**1,790.14**	**1,665.48**

NOTES forming part of the financial statements

6. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTD.)

[Item No. I(e), Page 172]

(₹ crore)

	No. of shares of face value of ₹10 each fully paid-up unless otherwise specified	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(b) Investments in Associate Companies				
(i) Quoted				
(1) TRF Limited	37,53,275	5.79	5.79	5.82
		5.79	**5.79**	**5.82**
(ii) Unquoted				
(1) Kalinga Aquatics Limited*	10,49,920	-	-	-
(2) Kumardhubi Metal Casting and Engineering Ltd.*	10,70,000	-	-	-
(3) Nicco Jubilee Park Limited*	3,40,000	-	-	-
(4) Kumardhubi Fireclay and Silica Works Ltd.*	1,50,001	-	-	-
(5) Rujuvalika Investments Limited	-	-	-	0.60
(6) Strategic Energy Technology Systems Private Limited	2,56,14,500	0.91	0.91	-
(7) Tata Construction and Projects Ltd.*	11,97,699	-	-	-
(8) TRL Krosaki Refractories Limited	55,63,864	42.38	42.38	42.38
(9) Others ₹**33,520** (March 31, 2016 : ₹33,520; April 1, 2015 : ₹67,040)		-	-	0.01
		43.29	**43.29**	**42.99**
Aggregate provision for impairment in value of investments		0.91	0.91	-
		42.38	**42.38**	**42.99**
		48.17	**48.17**	**48.81**
(c) Investments in Joint Ventures				
(i) Unquoted				
(1) Bhubaneshwar Power Private Limited (1,08,42,989 shares acquired during the current year)	4,36,00,825	43.72	32.76	25.23
(2) Himalaya Steel Mills Services Private Limited	36,19,945	3.61	3.61	3.61
(3) mjunction services limited	40,00,000	4.00	4.00	4.00
(4) S & T Mining Company Private Limited	1,29,41,400	12.94	12.94	12.94
(5) Tata BlueScope Steel Limited	43,30,00,000	433.00	433.00	433.00
(6) Tata NYK Shipping Pte Ltd. (Face value of USD 1 each)	6,51,67,500	350.14	350.14	328.86
(7) T M Mining Company Limited	1,62,800	0.16	0.16	0.16
(8) T M International Logistics Limited	91,80,000	9.18	9.18	9.18
(9) Jamshedpur Continuous Annealing and Processing Company Private Limited	47,53,20,000	475.32	475.32	445.74
(10) Industrial Energy Limited	17,31,60,000	173.16	173.16	163.49
(11) Jamipol Limited	36,75,000	8.39	8.39	8.39
		1,513.62	**1,502.66**	**1,434.60**
Total investment in subsidiaries, associates and joint ventures		**3,397.57**	**3,340.97**	**3,148.89**

* These investments are carried at a book value of ₹1.00

NOTES forming part of the financial statements

6. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONTD.)

[Item No. I(e), Page 172]

(i) The Company holds 51% of total equity share capital and voting rights in T M International Logistics Limited, Jamshedpur Continuous Annealing and Processing Company Private Limited and T M Mining Company Limited. However, decisions in respect of certain activities which significantly affect the risks and rewards of the respective businesses require unanimous consent of all the shareholders. These entities have therefore been considered as joint ventures.

(ii) The carrying value and market value of quoted and unquoted investments are as below:

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Subsidiaries:**			
	Aggregate carrying value of quoted investments	507.86	507.86	507.86
	Aggregate market value of quoted investments	1,967.70	1,057.49	1,219.48
	Aggregate carrying value of unquoted investments	1,327.92	1,282.28	1,157.62
(b)	**Associates:**			
	Aggregate carrying value of quoted investments	5.79	5.79	5.82
	Aggregate market value of quoted investments	85.35	110.87	123.26
	Aggregate carrying value of unquoted investments	42.38	42.38	42.99
(c)	**Joint ventures:**			
	Aggregate carrying value of unquoted investments	1,513.62	1,502.66	1,434.60

(iii) Other unquoted investments in associate companies include:

		No. of shares of face value of ₹ 10 each fully paid-up unless otherwise specified	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)	As at April 1, 2015 (₹)
(a)	Malusha Travels Pvt. Ltd.	3,352	33,520.00	33,520.00	33,520.00
(b)	Mohar Exports Services Pvt. Limited	-	-	-	33,520.00
			33,520.00	**33,520.00**	**67,040.00**

NOTES forming part of the financial statements

7. INVESTMENTS

[Item No. I(f)(i) and II(b)(i), Page 172]

A. NON-CURRENT

(₹ crore)

	No. of shares of face value of ₹10 each fully paid-up unless otherwise specified	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(I) Investments carried at amortised cost:				
Investments in Bonds and Debentures				
(a) Associate Companies				
(i) Unquoted				
(1) Tata Construction & Projects Ltd. 10% Convertible debentures of ₹100 each (97,000 debentures redeemed at face value on liquidation during the current year)	-	-	-	-
(b) Other Companies				
(i) Unquoted				
(1) Medica TS Hospital Pvt. Ltd. Secured optionally convertible redeemable debentures (Face value of ₹1,000 each) (1,57,900 debentures acquired during the current year)	4,97,400	49.74	33.95	-
		49.74	**33.95**	**-**
(II) Investments carried at fair value through other comprehensive income:				
Investments in Equity shares				
(i) Quoted				
(1) Credit Analysis & Research Limited	3,54,000	59.92	33.16	52.38
(2) Housing Development Finance Corporation Ltd. (Face value of ₹2 each)	7,900	1.19	0.87	1.04
(3) Tata Consultancy Services Limited (Face Value of ₹1 each)	24,400	5.93	6.15	6.23
(4) Tata Motors Ltd. (Face value of ₹2 each)	8,36,37,697	3,896.26	3,233.43	8,345.85
(5) The Tata Power Company Ltd. (Face value of ₹1 each)	3,91,22,725	353.48	252.93	301.64
(6) Tata Investment Corporation Limited	2,46,018	15.64	11.62	14.09
(7) Titan Company Limited (Face value of ₹1 each)	-	-	-	1,518.46
(8) Steel Strips Wheels Limited (68,884 shares disposed during the current year)	10,86,972	89.75	39.27	35.18
(9) Timken India Ltd. - ₹**645.05** (March 31, 2016: ₹436.95; April 1, 2015: ₹611.10)	1	-	-	-
		4,422.17	**3,577.43**	**10,274.87**

NOTES forming part of the financial statements

7. INVESTMENTS (CONTD.)

[Item No. I(f)(i) and II(b)(i), Page 172]

(₹ crore)

	No. of shares of face value of ₹10 each fully paid-up unless otherwise specified	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(ii) Unquoted				
(1) IFCI Venture Capital Funds Ltd.	1,00,000	0.10	0.10	0.10
(2) Medica TS Hospital Pvt Ltd.	2,60,000	0.26	0.26	0.26
(3) Panatone Finvest Ltd.	45,000	0.05	0.05	0.05
(4) Steelscape Consultancy Pvt. Ltd.	50,000	-	-	-
(5) Tarapur Environment Protection Society	82,776	0.89	0.89	0.31
(6) Tata Industries Ltd. (Face value of ₹100 each)	99,80,436	202.19	202.19	202.19
(7) Tata International Ltd. (Face value of ₹1,000 each)	28,616	31.19	31.19	31.19
(8) Tata Projects Ltd.	-	-	-	32.36
(9) Tata Services Ltd. (Face value of ₹1,000 each)	1,621	0.16	0.16	0.16
(10) Tata Teleservices Ltd.	6,46,92,310	75.82	100.27	138.68
(11) Tata Sons Limited (Face value of ₹1,000 each)	12,375	68.75	68.75	68.75
(12) Taj Air Limited	42,00,000	-	4.20	4.20
(13) Subarnarekha Port Private Limited (1,72,517 shares acquired during the current year)	1,72,517	7.00	-	-
(14) Others ₹**1,20,225** (March 31, 2016: ₹1,20,225; April 1, 2015: ₹1,20,225)		0.01	0.01	0.01
		386.42	**408.07**	**478.26**
		4,808.59	**3,985.50**	**10,753.13**
(III) Investments carried at fair value through statement of profit and loss:				
Investments in preference shares				
(a) Subsidiary Companies				
(i) Unquoted				
(1) Tata Metaliks Ltd. 8.50% non-cumulative redeemable preference shares (Face value of ₹100 each)	1,00,00,000	100.00	100.00	100.00
(2) Tayo Rolls Limited 8.50% non-cumulative redeemable preference shares (Face value of ₹100 each)	2,31,00,000	-	-	-
(3) Tayo Rolls Limited 7.00% non-cumulative redeemable preference shares (Face value of ₹100 each) (26,75,000 shares subscribed during the current year)	26,75,000	-	-	-
		100.00	**100.00**	**100.00**
		4,958.33	**4,119.45**	**10,853.13**

NOTES forming part of the financial statements

7. INVESTMENTS (CONTD.)

[Item No. I(f)(i) and II(b)(i), Page 172]

B. CURRENT

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments carried at fair value through the statement of profit and loss:			
Investments in Mutual funds – Unquoted			
(a) Axis Liquid Fund - Growth	571.11	380.30	-
(b) DSP BlackRock Liquidity Fund - IP - Growth	125.03	-	-
(c) Goldman Sachs Mutual Fund - Liquid Bees	0.08	0.08	0.07
(d) HDFC Liquid Fund - Growth	500.33	500.70	-
(e) ICICI Prudential Money Market Fund - Reg - Growth	604.05	700.76	-
(f) ICICI Prudential Liquid - Reg - Growth	-	-	100.05
(g) IDFC Cash Fund - Reg - Growth	231.34	-	-
(h) Invesco India Liquid Fund - Growth	353.60	-	-
(i) JM High Liquidity - Growth	25.08	-	-
(j) Kotak Liquid Scheme - Plan A - Growth	-	300.32	-
(k) Kotak Liquid Scheme - Reg - Growth	339.61	-	-
(l) Reliance Liquidity Fund - Growth	1,006.74	630.67	100.06
(m) Religare Invesco Liquid Fund - Growth	-	100.07	-
(n) SBI Premier Liquid Fund - Reg - Growth	300.25	350.46	50.07
(o) Tata Money Market Fund - Plan A - Growth	-	-	750.90
(p) Tata Money Market Fund - Reg - Growth	659.59	901.01	-
(q) UTI Liquid Fund - Cash Plan - IP - Growth	593.00	460.63	-
	5,309.81	**4,325.00**	**1,001.15**

(i) The carrying value and market value of quoted and unquoted investments are as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Quoted			
Carrying value	4,422.17	3,577.43	10,274.87
Market value	4,422.17	3,577.43	10,274.87
(b) Unquoted#			
Carrying value	5,845.97	4,867.02	1,579.41

Costs of 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.

NOTES forming part of the financial statements

7. INVESTMENTS (CONTD.)

[Item No. I(f)(i) and II(b)(i), Page 172]

(ii) Details of other unquoted investments carried at fair value through other comprehensive income are as below:

		No. of shares of face value of ₹10 each fully paid-up unless otherwise specified	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)	As at April 1, 2015 (₹)
(a)	Barajamda Iron Ore Mine Workers' Central Co-operative Stores Ltd. (Face value of ₹25 each)	200	5,000.00	5,000.00	5,000.00
(b)	Bokaro and Ramgarh Ltd.	100	16,225.00	16,225.00	16,225.00
(c)	Eastern Synpacks Limited (Face value of ₹25 each)	1,50,000	1.00	1.00	1.00
(d)	Ferro Manganese Plant Employees' Consumer Co-operative Society Ltd. (Face value of ₹25 each)	100	2,500.00	2,500.00	2,500.00
(e)	Investech Advisory Services (India) Limited (Face value of ₹100 each)	1,680	1.00	1.00	1.00
(f)	Jamshedpur Co-operative House Building Society Ltd. (Face value of ₹100 each)	10	1,000.00	1,000.00	1,000.00
(g)	Jamshedpur Co-operative Stores Ltd. (Face value of ₹5 each)	50	250.00	250.00	250.00
(h)	Jamshedpur Educational and Culture Co-operative Society Ltd. (Face value of ₹100 each)	50	5,000.00	5,000.00	5,000.00
(i)	Joda East Iron Mine Employees' Consumer Co-operative Society Ltd. (Face value of ₹25 each)	100	2,500.00	2,500.00	2,500.00
(j)	Namtech Electronic Devices Limited	48,026	1.00	1.00	1.00
(k)	Reliance Firebrick and Pottery Company Ltd. (Partly paid-up)	16,800	1.00	1.00	1.00
(l)	Reliance Firebrick and Pottery Company Ltd.	2,400	1.00	1.00	1.00
(m)	Sanderson Industries Ltd.	3,33,876	2.00	2.00	2.00
(n)	Standard Chrome Ltd.	11,16,000	2.00	2.00	2.00
(o)	Sijua (Jherriah) Electric Supply Co. Ltd.	4,144	40,260.00	40,260.00	40,260.00
(p)	TBW Publishing and Media Pvt. Limited	100	1.00	1.00	1.00
(q)	Wellman Incandescent India Ltd.	15,21,234	2.00	2.00	2.00
(r)	Woodland Multispeciality Hospital Ltd.	1,25,000	1.00	1.00	1.00
(s)	Unit Trust of India - Mastershares	2,229	47,477.00	47,477.00	47,477.00
			1,20,225.00	**1,20,225.00**	**1,20,225.00**

NOTES forming part of the financial statements

8. LOANS

[Item No. I(f)(ii) and II(b)(v), Page 172]

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Security deposits**			
	Unsecured, considered good	190.04	181.17	114.10
	Unsecured, considered doubtful	1.26	1.40	1.72
	Less: Allowance for credit losses	1.26	1.40	1.72
		190.04	**181.17**	**114.10**
(b)	**Loans to related parties**			
	Unsecured, considered doubtful	539.73	540.51	530.57
	Less: Allowance for credit losses	539.73	540.51	530.57
		-	-	-
(c)	**Other loans**			
	Unsecured, considered good	21.93	24.79	27.73
	Unsecured, considered doubtful	0.62	0.42	0.43
	Less: Allowance for credit losses	0.62	0.42	0.43
		21.93	**24.79**	**27.73**
		211.97	**205.96**	**141.83**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Loans to related parties**			
	Unsecured, considered good	21.51	11.50	73.79
	Unsecured, considered doubtful	60.63	59.69	15.00
	Less: Allowance for credit losses	60.63	59.69	15.00
		21.51	**11.50**	**73.79**
(b)	**Other loans**			
	Unsecured, considered good	5.63	7.25	8.25
	Unsecured, considered doubtful	2.00	2.00	2.00
	Less: Allowance for credit losses	2.00	2.00	2.00
		5.63	**7.25**	**8.25**
		27.14	**18.75**	**82.04**

(i) Security deposits include deposit with a subsidiary ₹**14.00 crore** (March 31, 2016: ₹14.00 crore; April 1, 2015: ₹14.00 crore) and Tata Sons ₹**1.25** crore (March 31, 2016: ₹1.25 crore; April 1, 2015: ₹1.25 crore).

(ii) Non-current loans to related parties represent loans given to subsidiaries ₹**539.73** crore (March 31, 2016: ₹540.51 crore; April 1, 2015: ₹530.57 crore).

(iii) Current loans to related parties represent inter-corporate deposits given to subsidiaries ₹**82.14** crore (March 31, 2016: ₹71.19 crore; April 1, 2015: ₹26.50 crore) and joint venture **Nil** (March 31, 2016: Nil; April 1, 2015: ₹62.29 crore).

(iv) Current other loans include inter-corporate deposits ₹**2.00** crore (March 31, 2016: ₹2.00 crore; April 1, 2015: ₹2.00 crore) and loans given to employees.

NOTES forming part of the financial statements

8. LOANS (CONTD.)

[Item No. I(f)(ii) and II(b)(v), Page 172]

(v) Disclosure as per Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Name of the Company	Relationship	As at March 31, 2017 ₹ crore	Maximum balance outstanding during the year ₹ crore	Investment by the loanee in shares of parent Company No. of Shares
Tata Steel Special Economic Zone Limited	Subsidiary	**10.00**	**10.00**	**-**
		-	*-*	*-*
		-	*-*	*-*
Tayo Rolls Limited	Subsidiary	**60.00**	**65.00**	**-**
		43.63	*43.63*	*-*
		-	*-*	*-*
Industrial Energy Limited	Joint venture	**-**	**-**	*-*
		-	*62.29*	*-*
		62.29	*139.20*	*-*
Tata Steel (KZN) (Pty) Ltd.	Subsidiary	**539.73**	**561.77**	**-**
		540.51	*541.66*	*-*
		530.57	*541.86*	*-*
Jamshedpur Utilities & Services Company Limited	Subsidiary	**11.50**	**11.50**	**-**
		11.50	*11.50*	*-*
		11.50	*11.50*	*-*
Adityapur Toll Bridge Company Limited	Subsidiary	**-**	**15.43**	**-**
		15.43	*15.43*	*-*
		15.00	*15.00*	*-*

Figures in italics represents comparative figures of previous years.

The above loans and inter-corporate deposits have been given for business purpose.

(vi) There are no outstanding debts due from directors or other officers of the Company.

9. OTHER FINANCIAL ASSETS

[Item No. I(f)(iv) and II(b)(vii), Page 172]

A. NON-CURRENT

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Interest accrued on deposits and loans			
Unsecured, considered good	**2.27**	**1.91**	**1.62**
(b) Earmarked bank balances	**37.74**	**35.01**	**37.81**
(c) Other financial assets			
Unsecured, considered good	39.48	-	21.27
Unsecured, considered doubtful	119.72	-	-
Less: Allowance for credit losses	119.72	-	-
	39.48	**-**	**21.27**
	79.49	**36.92**	**60.70**

NOTES forming part of the financial statements

9. OTHER FINANCIAL ASSETS (CONTD.)

[Item No. I(f)(iv) and II(b)(vii), Page 172]

B. CURRENT

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Interest accrued on deposits and loans			
Unsecured, considered good	9.98	11.84	6.63
Unsecured, considered doubtful	7.81	172.43	162.26
Less: Allowance for credit losses	7.81	172.43	162.26
	9.98	**11.84**	**6.63**
(b) Other financial assets	**305.08**	**195.91**	**227.38**
	315.06	**207.75**	**234.01**

(i) Earmarked bank balances represent deposits not due for realisation within 12 months from the balance sheet date. These are primarily placed as security with government bodies and margin money against issue of bank guarantees.

(ii) Non-current other financial assets include:

(a) advance against equity for purchase of shares in subsidiaries and joint ventures ₹**12.30** crore (March 31, 2016: Nil; April 1, 2015: ₹21.27 crore)

(b) advance for repurchase of equity shares in Tata Teleservices Limited (TTSL) from NTT Docomo Inc, ₹**144.07** crore (March 31, 2016: Nil; April 1, 2015: Nil).

(iii) Current other financial assets include amount receivable from post-employment benefit fund ₹**247.04** crore (March 31, 2016: ₹97.61 crore; April 1, 2015: ₹154.34 crore) on account of retirement benefit obligations paid by the Company directly.

10. INCOME TAX

[Item No. IV(e), Page 172]

A. INCOME TAX EXPENSES/(BENEFITS)

The Company is subject to income tax in India on the basis of standalone financial statements. As per the Income Tax Act, the Company is liable to pay income tax which is the higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT).

MAT paid in excess of regular income tax during a year can be carried forward for a period of 15 years and can be offset against future tax liabilities.

Companies can claim for tax exemptions/deductions under specific section subject to fulfilment of prescribed conditions as may be applicable. The effective tax rate of the Company was lower as a result of tax deduction claimed by the Company on account of investment allowance on capital expenditure, expenditure on research and development etc.

Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

NOTES forming part of the financial statements

10. INCOME TAX (CONTD.)

[Item No. IV(e), Page 172]

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

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Profit/(loss)before tax	**5,356.93**	**1,543.34**
Expected income tax expense at statutory income tax rate	1,853.93	534.12
(i) Income exempt from tax/Items not deductible	188.06	133.86
(ii) Tax on income at different rates	-	(13.54)
(iii) Additional tax benefit for capital investment including research and development expenditures	(129.61)	(66.75)
Tax expense as reported	**1,912.38**	**587.69**

B. DEFERRED TAX ASSETS/(LIABILITIES)

(i) Components of deferred tax assets and liabilities as at March 31, 2017 is as below:

(₹ crore)

	Balance as at April 1, 2016	Recognised/ (reversed) in statement of profit and loss	Recognised in other comprehensive income	Recognised in equity	Balance as at March 31, 2017
Deferred tax assets:					
Tax-loss carry forwards	-	107.43	-	-	107.43
Investments	3,011.56	-	-	-	3,011.56
Retirement benefit assets	184.21	-	-	-	184.21
Provisions	1,500.89	320.57	-	-	1,821.46
MAT credit entitlement	269.38	1,243.92	-	-	1,513.30
Others	192.32	(116.22)	0.42	-	76.52
	5,158.36	**1,555.70**	**0.42**	**-**	**6,714.48**
Deferred tax liabilities:					
Property, plant and equipment and intangible assets	10,695.66	2,096.77	-	(10.85)	12,781.58
Others	73.40	(29.23)	-	-	44.17
	10,769.06	**2,067.54**	**-**	**(10.85)**	**12,825.75**
Net deferred tax assets/(liabilities)	**(5,610.70)**	**(511.84)**	**0.42**	**10.85**	**(6,111.27)**
Disclosed as:					
Deferred tax assets	-				-
Deferred tax liabilities	**(5,610.70)**				**(6,111.27)**
	(5,610.70)				**(6,111.27)**

NOTES forming part of the financial statements

10. INCOME TAX (CONTD.)

[Item No. IV(e), Page 172]

Components of deferred tax assets and liabilities as at March 31, 2016 is as below:

(₹ crore)

	Balance as at April 1, 2015	Recognised/ (reversed) in statement of profit and loss	Recognised in other comprehensive income	Recognised in equity	Balance as at March 31, 2016
Deferred tax assets:					
Investments	3,011.56	-	-	-	3,011.56
Retirement benefit assets	184.21	-	-	-	184.21
Provisions	1,122.93	377.96	-	-	1,500.89
MAT credit entitlement	117.21	152.17	-	-	269.38
Others	206.32	(13.38)	(0.62)	-	192.32
	4,642.23	**516.75**	**(0.62)**	**-**	**5,158.36**
Deferred tax liabilities:					
Property, plant and equipment and intangible assets	10,791.90	(80.36)	-	(15.88)	10,695.66
Others	81.88	(8.48)	-	-	73.40
	10,873.78	**(88.84)**	**-**	**(15.88)**	**10,769.06**
Net deferred tax assets/(liabilities)	**(6,231.55)**	**605.59**	**(0.62)**	**15.88**	**(5,610.70)**
Disclosed as:					
Deferred tax assets	-				-
Deferred tax liabilities	**(6,231.55)**				**(5,610.70)**
	(6,231.55)				**(5,610.70)**

(ii) The Company has not recognised deferred tax assets amounting to ₹**8,034.23** crore as on March 31, 2017 (March 31, 2016: ₹8,034.23 crore; April 1, 2015: ₹8,034.23 crore) on fair value adjustment recognised in respect of investments held in a subsidiary on transition to Ind AS due to uncertainty surrounding availability of future taxable income against which such losses can be offset.

11. OTHER ASSETS

[Item No. I(h) and II(c), Page 172]

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Capital advances**			
	Unsecured, considered good	359.62	598.17	781.29
	Unsecured, considered doubtful	86.15	73.43	-
	Less: Provision for doubtful advances	86.15	73.43	-
		359.62	**598.17**	**781.29**
(b)	**Advance with public bodies**			
	Unsecured, considered good	1,765.85	1,851.83	1,332.05
	Unsecured, considered doubtful	12.76	12.73	13.30
	Less: Provision for doubtful advances	12.76	12.73	13.30
		1,765.85	**1,851.83**	**1,332.05**

NOTES forming part of the financial statements

11. OTHER ASSETS (CONTD.)

[Item No. I(h) and II(c), Page 172]

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(c)	**Prepaid lease payments**	**890.15**	**821.50**	**681.95**
(d)	**Capital advances to related parties**	**95.46**	**35.20**	**47.53**
(e)	**Other assets**			
	Unsecured, considered good	10.56	18.48	3.05
	Unsecured, considered doubtful	-	-	2.99
	Less: Provision for doubtful advances	-	-	2.99
		10.56	**18.48**	**3.05**
		3,121.64	**3,325.18**	**2,845.87**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Advance with public bodies**			
	Unsecured, considered good	1,023.97	917.13	807.56
	Unsecured, considered doubtful	2.43	2.69	1.85
	Less: Provision for doubtful advances	2.43	2.69	1.85
		1,023.97	**917.13**	**807.56**
(b)	**Advances to related parties**			
	Unsecured, considered good	28.02	39.41	66.14
	Unsecured, considered doubtful	-	23.97	-
	Less: Provision for doubtful advances	-	23.97	-
		28.02	**39.41**	**66.14**
(c)	**Other assets**			
	Unsecured, considered good	173.49	132.33	151.39
	Unsecured, considered doubtful	60.46	39.74	34.22
	Less: Provision for doubtful advances	60.46	39.74	34.22
		173.49	**132.33**	**151.39**
		1,225.48	**1,088.87**	**1,025.09**

(i) Advance with public bodies primarily relate to duty credit entitlements and amounts paid under protest in respect of demands from regulatory authorities.

(ii) Prepaid lease payment relate to land leases classified as operating in nature as the title is not expected to transfer at the end of the lease term and considering that land has an indefinite economic life.

(iii) Other assets include advances against supply of goods and services and advances paid to employees.

NOTES forming part of the financial statements

12. INVENTORIES

[Item No. II(a), Page 172]

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Raw materials	3,898.99	2,368.61	3,265.19
(b)	Work-in-progress	5.88	18.30	44.32
(c)	Finished and semi-finished goods	4,096.56	2,792.69	2,869.82
(d)	Stock-in-trade	107.95	69.75	37.35
(e)	Stores and spares	2,127.47	1,888.03	1,806.67
		10,236.85	**7,137.38**	**8,023.35**
Included above, goods-in-transit:				
(i)	Raw materials	644.38	382.42	598.63
(ii)	Finished and semi-finished goods	-	0.04	19.62
(iii)	Stock-in-trade	97.09	65.31	23.85
(iv)	Stores and spares	136.30	160.70	160.77
		877.77	**608.47**	**802.87**

(i) The value of inventories above is stated after impairment of ₹**60.81** crore (March 31, 2016: ₹68.99 crore; April 1, 2015: ₹48.08 crore) for write-downs to net realisable value and provision for slow moving and obsolete item.

(ii) Cost of inventory recognised as expense during the year amounted to ₹**38,704.78** crore (2015-16: ₹ 32,796.55 crore).

13. TRADE RECEIVABLES

[Item No. II(b)(ii), Page 172]

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Unsecured, considered good	2,006.52	1,133.17	1,057.02
(b)	Unsecured, considered doubtful	18.10	13.96	16.67
		2,024.62	**1,147.13**	**1,073.69**
Less: Allowance for credit losses		18.10	13.96	16.67
		2,006.52	**1,133.17**	**1,057.02**

In determining the allowances for credit losses of trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

(i) Movements in allowance for credit losses of receivables is as below:

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Balance at the beginning of the year	13.96	16.67
Charge in statement of profit and loss	7.64	5.29
Release to statement of profit and loss	(2.03)	(3.97)
Utilised during the year	(1.47)	(4.03)
Balance at the end of the year	**18.10**	**13.96**

NOTES forming part of the financial statements

13. TRADE RECEIVABLES (CONTD.)

[Item No. II(b)(ii), Page 172]

(ii) Ageing of trade receivables and credit risk arising there from is as below:

(₹ crore)

	As at March 31, 2017		
	Gross credit risk	Allowance for credit losses	Net credit risk
Amounts not yet due	1,868.93	0.50	1,868.43
One month overdue	48.67	0.31	48.36
Two months overdue	12.95	0.33	12.62
Three months overdue	9.25	0.30	8.95
Between three to six months overdue	18.63	1.09	17.54
Greater than six months overdue	66.19	15.57	50.62
	2,024.62	**18.10**	**2,006.52**

(₹ crore)

	As at March 31, 2016		
	Gross credit risk	Allowance for credit losses	Net credit risk
Amounts not yet due	999.16	1.55	997.61
One month overdue	44.95	0.27	44.68
Two months overdue	18.30	0.06	18.24
Three months overdue	8.69	0.06	8.63
Between three to six months overdue	51.59	0.06	51.53
Greater than six months overdue	24.44	11.96	12.48
	1,147.13	**13.96**	**1,133.17**

(₹ crore)

	As at April 1, 2015		
	Gross credit risk	Allowance for credit losses	Net credit risk
Amounts not yet due	974.16	0.02	974.14
One month overdue	52.39	0.05	52.34
Two months overdue	9.81	0.09	9.72
Three months overdue	5.69	-	5.69
Between three to six months overdue	7.36	0.44	6.92
Greater than six months overdue	24.28	16.07	8.21
	1,073.69	**16.67**	**1,057.02**

(iii) The Company considers its maximum exposure to credit risk with respect to customers as at March 31, 2017 to be ₹**2,006.52** crore (March 31, 2016: ₹1,133.17 crore; April 1, 2015: ₹1,057.02 crore), which is the fair value of trade receivables (after allowance for credit losses).

The Company's exposure to customers is diversified and no single customer contributes more than 10% of the outstanding receivables as at March 31, 2017, March 31, 2016 and April 1, 2015.

(iv) There are no outstanding debts due from directors or other officers of the Company.

NOTES forming part of the financial statements

14. CASH AND CASH EQUIVALENTS

[Item No. II(b)(iii), Page 172]

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Cash in hand	0.44	0.41	0.46
(b)	Cheques, drafts on hand	19.19	24.53	42.21
(c)	Remittances-in-transit	52.55	0.27	0.13
(d)	Unrestricted balances with banks	833.03	949.47	452.36
		905.21	**974.68**	**495.16**

(i) The cash and bank balances are denominated and held in Indian rupees.

15. OTHER BALANCES WITH BANK

[Item No. II(b)(iv), Page 172]

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Earmarked balances with banks	**65.10**	**61.45**	**56.66**

(i) Earmarked balances with bank represents balances held for unpaid dividends and margin money against issue of bank guarantees.

(ii) In accordance with the MCA notification G.S.R. 308(E) dated March 30, 2017, details of Specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016, is as below:

(₹)

	SBNs	ODNs	Total
Closing cash in hand as on November 8, 2016	35,40,500	6,72,235	42,12,735
Add: Unpermitted receipts	1,15,20,000	-	1,15,20,000
Add: Permitted receipts	-	6,16,97,156	6,16,97,156
Less: Unpermitted payments	70,000	-	70,000
Less: Permitted payments	-	67,28,665	67,28,665
Less: Amounts deposited in Banks	1,49,90,500	5,26,06,715	6,75,97,215
Closing cash in hand as on December 30, 2016	-	30,34,011	30,34,011

(a) Unpermitted receipts include:

1. Company hospital receipts ₹1,06,21,500 which includes receipts at Tata Main Hospital, Jamshedpur of ₹1,04,34,000. Since Tata Main Hospital is the only hospital equipped with modern facilities and super-speciality services in the region, on advice from the district administration, specified notes were accepted.
2. Refund of advances by employees & internal departments ₹74,500.
3. Canteen receipts of ₹5,90,500 are primarily received from Contractor's employees.
4. Refund of advance by Steel Welfare Workers Society ₹2,33,500.

(b) Unpermitted payments represents amount collected by Company's employees and exchanged for new notes against their individual Permanent Account Number.

(iii) The earmarked bank balances are denominated and held in Indian rupees.

NOTES forming part of the financial statements

16. EQUITY SHARE CAPITAL

[Item No. III(a), Page 172]

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised:				
1,75,00,00,000	Ordinary Shares of ₹10 each	1,750.00	1,750.00	1,750.00
	(March 31, 2016: 1,75,00,00,000 Ordinary Shares of ₹10 each)			
	(April 1, 2015: 1,75,00,00,000 Ordinary Shares of ₹10 each)			
35,00,00,000	"A" Ordinary Shares of ₹10 each	350.00	350.00	350.00
	(March 31, 2016: 35,00,00,000 "A" Ordinary Shares of ₹10 each)			
	(April 1, 2015: 35,00,00,000 "A" Ordinary Shares of ₹10 each)			
2,50,00,000	Cumulative Redeemable Preference Shares of ₹100 each	250.00	250.00	250.00
	(March 31, 2016: 2,50,00,000 Shares of ₹100 each)			
	(April 1, 2015: 2,50,00,000 Shares of ₹100 each)			
60,00,00,000	Cumulative Convertible Preference Shares of ₹100 each	6,000.00	6,000.00	6,000.00
	(March 31, 2016: 60,00,00,000 Shares of ₹100 each)			
	(April 1, 2015: 60,00,00,000 Shares of ₹100 each)			
		8,350.00	**8,350.00**	**8,350.00**
Issued:				
97,21,26,020	Ordinary Shares of ₹10 each	**972.13**	**972.13**	**972.13**
	(March 31, 2016: 97,21,26,020 Ordinary Shares of ₹10 each)			
	(April 1, 2015: 97,21,26,020 Ordinary Shares of ₹10 each)			
Subscribed and Paid up:				
97,12,15,439	Ordinary Shares of ₹10 each fully paid up	971.21	971.21	971.21
	(March 31, 2016: 97,12,15,439 Ordinary Shares of ₹10 each)			
	(April 1, 2015: 97,12,15,439 Ordinary Shares of ₹10 each)			
	Amount paid up on 3,89,516 Ordinary Shares forfeited	0.20	0.20	0.20
	(March 31, 2016: 3,89,516 Shares of ₹10 each)			
	(April 1, 2015: 3,89,516 Shares of ₹10 each)			
		971.41	**971.41**	**971.41**

(i) Subscribed and paid up capital excludes **11,68,393** Ordinary shares (March 31, 2016: 11,68,393 shares and April 1, 2015: Nil) were held by a wholly owned subsidiary.

(ii) The movement in subscribed and paid up share capital is as below:

(₹ crore)

	As at March 31, 2017		As at March 31, 2016	
	No. of shares	₹ crore	No. of shares	₹ crore
Ordinary shares of ₹10 each				
Balance at the beginning of the year	97,12,15,439	971.21	97,12,15,439	971.21
Balance at the end of the year	**97,12,15,439**	**971.21**	**97,12,15,439**	**971.21**

NOTES forming part of the financial statements

16. EQUITY SHARE CAPITAL (CONTD.)

[Item No. III(a), Page 172]

(iii) As at March 31, 2017: **3,01,183** Ordinary Shares (March 31, 2016: 3,01,183 Ordinary Shares; April 1, 2015: 3,01,183 Ordinary Shares) are kept in abeyance in respect of rights issue of 2007.

(iv) Details of shareholders holding more than 5 percent shares in the Company is as below:

(₹ crore)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of ordinary shares	%	No. of ordinary shares	%	No. of ordinary shares	%
Name of shareholders						
(a) Tata Sons Limited	28,88,98,245	29.75	28,88,98,245	29.75	28,88,98,245	29.75
(b) Life Insurance Corporation of India	12,20,50,996	12.57	14,17,39,415	14.59	14,17,39,185	14.59

(v) **1,55,10,420** shares (March 31, 2016: 2,25,14,584 shares; April 1, 2015: 1,79,07,847 shares) of face value of ₹10 per share represent the shares underlying GDRs which were issued during 1994 and 2009. Each GDR represents one underlying Ordinary share.

(vi) The rights, powers and preferences relating to each class of share capital and the qualifications, limitations and restrictions thereof are contained in the Memorandum and Articles of Association of the Company. The principal rights are as below:

A. Ordinary Shares of ₹10 each

(a) In respect of every Ordinary Share (whether fully paid or partly paid), voting right shall be in the same proportion as the capital paid up on such Ordinary Share bears to the total paid up Ordinary Capital of the Company.

(b) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

(c) In the event of liquidation, the shareholders of Ordinary Shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

B. 'A' Ordinary Shares of ₹10 each

(a) (i) The holders of 'A' Ordinary Shares shall be entitled to such rights of voting and/or dividend and such other rights as per the terms of the issue of such shares, provided always that:

– in the case where a resolution is put to vote on a poll, such differential voting entitlement (excluding fractions, if any) will be applicable to holders of 'A' Ordinary Shares.

– in the case where a resolution is put to vote in the meeting and is to be decided on a show of hands, the holders of 'A' Ordinary Shares shall be entitled to the same number of votes as available to holders of Ordinary Shares.

(ii) The holders of Ordinary Shares and the holders of 'A' Ordinary Shares shall vote as a single class with respect to all matters submitted for voting by shareholders of the Company and shall exercise such votes in proportion to the voting rights attached to such shares including in relation to any scheme under Sections 391 to 394 of the Companies Act, 1956.

(b) The holders of 'A' Ordinary Shares shall be entitled to dividend on each 'A' Ordinary Share which may be equal to or higher than the amount per Ordinary Share declared by the Board for each Ordinary Share, and as may be specified at the time of the issue. Different series of 'A' Ordinary Shares may carry different entitlements to dividend to the extent permitted under applicable law and as prescribed under the terms applicable to such issue.

C. Preference Shares

The Company has two classes of preference shares i.e. Cumulative Redeemable Preference Shares (CRPS) of ₹100 per share and Cumulative Convertible Preference Shares (CCPS) of ₹100 per share.

(a) Such shares shall confer on the holders thereof, the right to a fixed preferential dividend from the date of allotment, at a rate as may be determined by the Board at the time of the issue, on the capital for the time being paid up or credited as paid up thereon.

(b) Such shares shall rank for capital and dividend (including all dividend undeclared upto the commencement of winding

NOTES forming part of the financial statements

16. EQUITY SHARE CAPITAL (CONTD.)

[Item No. III(a), Page 172]

up) and for repayment of capital in a winding up, pari passu inter se and in priority to the Ordinary Shares of the Company, but shall not confer any further or other right to participate either in profits or assets. However, in case of CCPS, such preferential rights shall automatically cease on conversion of these shares into Ordinary Shares.

(c) The holders of such shares shall have the right to receive all notices of general meetings of the Company but shall not confer on the holders thereof the right to vote at any meetings of the Company save to the extent and in the manner provided in the Companies Act, 1956, or any re-enactment thereof.

(d) CCPS shall be converted into Ordinary Shares as per the terms, determined by the Board at the time of issue; as and when converted, such Ordinary Shares shall rank pari passu with the then existing Ordinary Shares of the Company in all respects.

17. HYBRID PERPETUAL SECURITIES

[Item No. III(b), Page 172]

The detail of movement in Hybrid Perpetual Securities is as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	2,275.00	2,275.00	2,275.00
Balance at the end of the year	**2,275.00**	**2,275.00**	**2,275.00**

The Company had issued Hybrid Perpetual Securities of ₹775.00 crore and ₹1,500.00 crore in May 2011 and March 2011 respectively. These securities are perpetual in nature with no maturity or redemption and are callable only at the option of the Company. The distribution on these securities are 11.50% p.a. and 11.80% p.a. respectively, with a step up provision if the securities are not called after 10 years. The distribution on the securities may be deferred at the option of the Company if in the six months preceding the relevant distribution payment date, the Company has not made payment on, or repurchased or redeemed, any securities ranking pari passu with, or junior to the instrument. As these securities are perpetual in nature and the Company does not have any redemption obligation, these have been classified as equity.

18. OTHER EQUITY

[Item No. III(c), Page 172]

A. OTHER COMPREHENSIVE INCOME RESERVES

(a) Cash flow hedge reserve

The cumulative effective portion of gain or losses arising on changes in the fair value of hedging instruments designated as cash flow hedges are recognised in cash flow hedge reserve. Such changes recognised are reclassified to the consolidated statement of profit and loss when the hedged item affects the profit or loss or are included as an adjustment to the cost of the related non-financial hedged item.

The Company has designated certain foreign currency contracts and interest rate collars as cash flow hedges in respect of foreign exchange and interest rate risks.

The detail of movement in Cash flow hedge reserve are as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	(0.55)	(1.73)
Other comprehensive income recognised during the year	(0.80)	1.18
Transfers within equity	-	-
Balance at the end of the year	**(1.35)**	**(0.55)**

NOTES forming part of the financial statements

18. OTHER EQUITY (CONTD.)

[Item No. III(c), Page 172]

The detail of Other Comprehensive income recognised is as below:

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Fair value changes recognised during the year	(7.63)	(4.87)
Fair value changes reclassified to the statement of profit and loss/cost of underlying items	6.41	6.67
Tax impact on above (net)	0.42	(0.62)
	(0.80)	**1.18**

During the year, ineffective portion of cash flow hedges recognised in the statement of profit and loss amounted to **Nil** (2015-16: ₹0.05 crore)

The amount recognised in the cash flow hedge reserve is expected to impact the statement of profit and loss within the next one year.

(b) Investment revaluation reserve

The cumulative gains and losses arising on fair value changes of equity investments measured at fair value through other comprehensive income are recognised in investment revaluation reserve. The balance of the reserve represents such changes recognised net of amounts reclassified to retained earnings on disposal of such investments.

The details of movement in investment revaluation reserve are as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	2,936.92	9,713.10
Other comprehensive income recognised during the year	819.01	(3,405.03)
Transfers within equity	(1.75)	(3,371.15)
Balance at the end of the year	**3,754.18**	**(2,936.92)**

B. OTHER RESERVES

(a) Securities premium

Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 (the "Companies Act").

There is no movement in securities premium during the current and previous year.

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	18,873.68	18,873.68
Balance at the end of the year	**18,873.68**	**18,873.68**

(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 cannot be utilised by the Company except to redeem debentures.

NOTES forming part of the financial statements

18. OTHER EQUITY (CONTD.)

[Item No. III(c), Page 172]

There is no movement in debenture redemption reserve during the current and previous year.

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	2,046.00	2,046.00
Balance at the end of the year	**2,046.00**	**2,046.00**

(c) General reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

There is no movement in general reserve during the current and previous year.

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	11,596.35	11,596.35
Balance at the end of the year	**11,596.35**	**11,596.35**

(d) Capital redemption reserve

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. The Company established this reserve pursuant to the redemption of preference shares issued in earlier years.

There is no movement in capital redemption reserve during the current and previous year.

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	20.78	20.78
Balance at the end of the year	**20.78**	**20.78**

(e) Others

Others primarily include:

(i) the balance of foreign currency monetary item translation difference account ("FCMITDA") created for recognising exchange differences on revaluation of long term foreign currency monetary items as per the Previous GAAP. Such exchange differences recognised are transferred to the statement of profit and loss on a systematic basis.

(ii) amounts appropriated out of profit or loss for unforeseen contingencies. Such appropriations are free in nature.

The details of movement in others are as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	117.04	117.16
Release to the statement of profit and loss	-	(0.12)
Balance at the end of the year	**117.04**	**117.04**

NOTES forming part of the financial statements

19. BORROWINGS

[Item No. IV(a)(i) and V(a)(i), Page 172]

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Secured**			
	(i) Loans from Joint Plant Committee - Steel Development Fund	2,420.65	2,338.91	2,232.36
(b)	**Unsecured**			
	(i) Non-convertible debentures	10,175.70	9,023.03	9,298.09
	(ii) Term loans from banks and financial institutions	9,959.49	11,031.95	11,164.23
	(iii) Finance lease obligations	2,138.53	1,532.87	1,621.42
		24,694.37	**23,926.76**	**24,316.10**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Secured**			
	(i) Repayable on demand from banks and financial institutions	131.12	21.46	73.51
(b)	**Unsecured**			
	(i) Loans from banks and financial institutions	834.19	2,631.69	746.23
	(ii) Commercial papers	2,274.36	3,234.85	-
		3,239.67	**5,888.00**	**819.74**

(i) As at March 31, 2017, ₹**2,551.77** crore (March 31, 2016: ₹2,360.37 crore, April 1, 2015: ₹2,305.87 crore) of the total outstanding borrowings were secured by a charge on property, plant and equipment, inventories and receivables. The security details of major borrowings of the Company are as below:

(a) **Loan from Joint Plant Committee-Steel Development Fund**

It is secured by mortgages on, all present and future immovable properties wherever situated and hypothecation of movable assets, excluding land and building mortgaged in favour of Government of India under the deed of mortgage dated April 13, 1967 and in favour of Government of Bihar under two deeds of mortgage dated May 11, 1963, immovable properties and movable assets of the Tube Division, Bearing Division, Ferro Alloys Division and Cold Rolling Complex (West) at Tarapur and all investments and book debts of the Company subject to the prior charges created and/or to be created in favour of the bankers for securing borrowing for the working capital requirement and charges created and/or to be created on specific items of machinery and equipment procured/to be procured under deferred payment schemes/ bill re-discounting schemes/asset credit schemes.

The loan is repayable in 16 equal semi-annual installments after completion of four years from the date of the tranche.

The Company has filed a writ petition before the High Court at Kolkata in February 2006 claiming waiver of the outstanding loan and interest and refund of the balance lying with Steel Development Fund and the matter is subjudice.

The loan includes funded interest ₹**781.32** crore (March 31, 2016: ₹699.58 crore and April 1, 2015: ₹593.03 crore).

It includes ₹**1,639.33** crore (March 31, 2016: ₹1,639.33 crore; April 1, 2015: ₹1,639.33 crore) representing repayments and interest on earlier loans for which applications of funding are awaiting sanction is not secured by charge on movable assets of the Company.

(ii) The details of major unsecured borrowings taken by the Company are given below:

(a) **Non-Convertible Debentures**

(i) 10.25% p.a. interest bearing 25,000 debentures of face value ₹10,00,000 each are redeemable at par in 3 equal annual installments commencing from January 6, 2029.

NOTES forming part of the financial statements

19. BORROWINGS (CONTD.)

[Item No. IV(a)(i) and V(a)(i), Page 172]

(ii) 10.25% p.a. interest bearing 5,000 debentures of face value ₹10,00,000 each are redeemable at par in 3 equal annual installments commencing from December 22, 2028.

(iii) 8.15% p.a. interest bearing 10,000 debentures of face value ₹10,00,000 each are redeemable at par on October 1, 2026.

(iv) 2.00% p.a. interest bearing 15,000 debentures of face value ₹10,00,000 each are redeemable at a premium of 85.03% of the face value on April 23, 2022.

(v) 9.15% p.a. interest bearing 5,000 debentures of face value ₹10,00,000 each are redeemable at par on January 24, 2021.

(vi) 11.00% p.a. interest bearing 15,000 debentures of face value ₹10,00,000 each are redeemable at par on May 19, 2019.

(vii) 10.40% p.a. interest bearing 6,509 debentures of face value ₹10,00,000 each are redeemable at par on May 15, 2019.

(viii) 9.15% p.a. interest bearing 5,000 debentures of face value ₹10,00,000 each are redeemable at par on January 24, 2019.

(b) Term loans from banks and financial institutions

(i) Indian rupee loan amounting **₹4,450.00** crore (March 31, 2016: ₹7,000.00 crore; April 1, 2015: ₹7,000.00 crore) is repayable in 17 quarterly installments. The next instalment is due on March 31, 2021.

(ii) USD **7.86** million equivalent to **₹50.98** crore (March 31, 2016: 7.86 million equivalent to ₹52.08 crore) (April 1, 2015: Nil) is repayable on March1, 2021.

(iii) USD **200.00** million equivalent to **₹1,297.10** crore (March 31, 2016: USD 200.00 million equivalent to ₹1,325.05 crore; April 1, 2015: USD 200.00 million equivalent to ₹1,250.00 crore) loan is repayable in 3 equal annual installments commencing from February 18, 2020.

(iv) Indian rupee loan amounting **₹2,000.00** crore (March 31, 2016: ₹2,000 crore; April 1, 2015: Nil) is repayable in 10 semi-annual installments commencing from 30th April, 2019.

(v) Indian rupee loan amounting **₹650.00** crore (March 31, 2016: Nil; April 1, 2015: Nil) is repayable in 20 semi-annual installments commencing from August 15, 2017.

(vi) Euro **27.02** million equivalent to **₹187.18** crore (March 31, 2016: Euro 32.42 million equivalent to ₹244.69 crore; April 1, 2015: Euro 37.83 million equivalent to ₹254.17 crore) loan is repayable in 10 equal semi-annual installments; the next instalment is due on July 6, 2017.

(vii) Euro **9.39** million equivalent to **₹65.02** crore (March 31, 2016: Euro 14.08 million equivalent to ₹106.25 crore; April 1, 2015: Euro 18.77 million equivalent to ₹126.13 crore) loan is repayable in 4 equal semi-annual installments; the next instalment is due on July 3, 2017.

(viii) Indian rupee loan amounting **₹850.00** crore (March 31, 2016: Nil; April 1, 2015: Nil) is repayable in 16 semi-annual installments commencing from June 15, 2017.

(ix) Euro **0.97** million equivalent to **₹6.72** crore (March 31, 2016: Euro 1.94 million equivalent to ₹14.64 crore; April 1, 2015: Euro 2.91 million equivalent to ₹19.55 crore) loan is repayable in 2 equal semi-annual installments; the next instalment is due on May 2, 2017.

(x) Euro **105.08** million equivalent to **₹727.98** crore (March 31, 2016: Euro 124.19 million equivalent to ₹937.22 crore; April 1, 2015: Euro 143.29 million equivalent to ₹962.84 crore) loan is repayable in 11 equal semi-annual installments; the next instalment is due on April 28, 2017.

(c) Commercial papers

Commercial papers raised by the Company are short-term in nature ranging between one to three months.

NOTES forming part of the financial statements

19. BORROWINGS (CONTD.)

[Item No. IV(a)(i) and V(a)(i), Page 172]

(iii) The currency and interest exposure of borrowings at the end of the reporting period are as below:

(₹ crore)

	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
INR	15,535.48	10,344.92	25,880.40	14,939.19	13,294.71	28,233.90	12,796.51	11,073.13	23,869.64
EURO	588.99	375.40	964.39	752.84	511.97	1,264.81	771.01	547.05	1,318.06
USD	-	1,439.84	1,439.84	-	1,344.80	1,344.80	-	3,323.58	3,323.58
Others	-	-	-	-	-	-	50.92	924.05	974.97
Total	**16,124.47**	**12,160.16**	**28,284.63**	**15,692.03**	**15,151.48**	**30,843.51**	**13,618.44**	**15,867.81**	**29,486.25**

INR-Indian rupees, USD-United states dollars.

Others primarily include borrowings in GBP-Great Britain Pound

(iv) The majority of floating rate borrowings are bank borrowings bearing interest rates based on LIBOR, EURIBOR or local official rates. Of the total floating rate borrowings as at March 31, 2017: ₹**972.83** crore (March 31, 2016: ₹2,000.00 crore; April 1, 2015: ₹2,093.75 crore) has been hedged using interest rate swaps and collars, with contracts covering a period of more than one year.

(v) The maturity profile of Company's borrowings is as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Not later than one year or on demand	3,916.24	7,164.45	5,441.85
Later than one year but not two years	1,142.12	862.31	2,091.52
Later than two years but not three years	3,596.29	1,345.09	1,593.06
Later than three years but not four years	2,119.20	4,144.94	1,743.31
Later than four years but not five years	2,433.35	2,753.19	4,355.36
More than five years	19,894.48	18,726.56	18,812.17
	33,101.68	**34,996.54**	**34,037.27**
Less: Future finance charges on finance leases	3,958.50	3,093.55	3,338.30
Less: Capitalisation of transaction costs	858.55	1,059.48	1,212.72
	28,284.63	**30,843.51**	**29,486.25**

(vi) Some of the Company's major financing arrangements include financial covenants, which require compliance to certain debt-equity ratios and debt coverage ratios. Additionally, certain negative covenants may limit the Company's ability to borrow additional funds or to incur additional liens, and/or provide for increased costs in case of breach.

NOTES forming part of the financial statements

20. OTHER FINANCIAL LIABILITIES

[Item No. IV(a)(iii) and V(a)(iv), Page 172]

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Creditors for other liabilities	**18.22**	**396.51**	**841.89**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Current maturities of long-term borrowings	237.90	928.77	4,256.16
(b)	Current maturities of finance lease obligations	112.69	99.98	94.25
(c)	Interest accrued but not due	545.05	459.32	587.86
(d)	Unclaimed dividends	51.76	51.64	51.49
(e)	Creditors for other liabilities	3,114.95	3,093.64	2,749.14
		4,062.35	**4,633.35**	**7,738.90**

(i) Non-current and current creditors for other liabilities includes:

(a) Creditors for capital supplies and services amounting to ₹**2,056.80** crore (March 31, 2016: ₹2,592.32 crore; April 1, 2015: ₹2,712.94 crore).

(b) Liability for employee family benefit scheme ₹**115.60** crore (March 31, 2016: ₹108.39 crore; April 1, 2015: ₹95.72 crore).

21. PROVISIONS

[Item No. IV(b) and V(b), Page 172]

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Employee benefits	1,749.44	1,635.74	1,252.69
(b)	Others	275.30	226.31	68.30
		2,024.74	**1,862.05**	**1,320.99**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Employee benefits	311.19	280.64	182.99
(b)	Others	389.41	-	-
		700.60	**280.64**	**182.99**

(i) Non-current and current provision for employee benefits include leave salaries ₹**1,016.95** crore (March 31, 2016: ₹918.81 crore; April 1, 2015: ₹854.37 crore) and provision for early separation scheme ₹**1,036.89** crore (March 31, 2016 ₹990.59 crore; April 1, 2015: ₹573.64 crore).

NOTES forming part of the financial statements

21. PROVISIONS (CONTD.)

[Item No. IV(b) and V(b), Page 172]

(ii) Others include:

(a) provision for compensatory afforestation, mine closure and rehabilitation obligations ₹**529.13** crore (March 31, 2016: ₹226.31 crore; April 1, 2015: ₹68.30 crore). These amounts become payable upon closure of the mines and are expected to be incurred over a period of 1 to 35 years.

(b) provision for legal and constructive commitments provided by the Company in respect of a loss making subsidiary ₹**135.58** crore (March 31, 2016: Nil; April 1, 2015: Nil). The same is expected to be settled in the next financial year.

(iii) The details of movement in other provisions is as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	226.31	68.30
Charged to the statement of profit and loss	135.58	-
Additions during the year	302.82	158.01
Balance at the end of the year	**664.71**	**226.31**

22. RETIREMENT BENEFIT OBLIGATIONS

[Item No. IV(c) and V(c), Page 172]

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Retiring gratuities	217.03	160.81	561.38
(b)	Post retirement medical benefits	1,170.51	1,012.69	988.11
(c)	Other defined benefit obligations	96.67	78.95	73.74
		1,484.21	**1,252.45**	**1,623.23**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Post retirement medical benefits	50.67	51.24	46.07
(b)	Other defined benefit obligations	5.91	5.43	5.46
		56.58	**56.67**	**51.53**

(i) Detailed disclosure in respect post retirement defined benefit schemes is provided in Note 35, Page 223.

NOTES forming part of the financial statements

23. DEFERRED INCOME

[Item No. IV(d), Page 172]

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Grants relating to property, plant and equipment	**1,885.19**	**2,228.48**	**2,130.58**

(i) Grants relating to property, plant and equipment relate to duty saved on import of capital goods and spares under the EPCG scheme. Under such scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities. Such grants recognised are released to the statement of profit and loss based on fulfilment of related export obligations.

(ii) During the year an amount of ₹**342.90** crore (2015-2016: ₹Nil) was released to statement of profit and loss on fulfillment of export obligations.

24. OTHER LIABILITIES

[Item No. IV(f) and V(e), Page 172]

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Statutory dues	55.31	64.06	-
(b)	Other credit balances	22.43	12.73	19.67
		77.74	**76.79**	**19.67**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Advances received from customers	380.01	265.01	229.10
(b)	Employee recoveries and employer contributions	39.39	41.73	40.31
(c)	Statutory dues	3,124.40	2,559.24	1,879.60
		3,543.80	**2,865.98**	**2,149.01**

(i) Statutory dues primarily include payables in respect of excise duties, service tax, sales tax, VAT, tax deducted at source and royalties.

25. TRADE PAYABLES

[Item No. V(a)(ii), Page 172]

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Creditors for supplies and services	9,342.83	5,125.61	4,018.63
(b)	Creditors for accrued wages and salaries	1,374.61	1,071.27	917.33
		10,717.44	**6,196.88**	**4,935.96**

NOTES forming part of the financial statements

25. TRADE PAYABLES (CONTD.)

[Item No. V(a)(ii), Page 173]

(i) The amount due to Micro and Small Enterprises as defined in the "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 disclosures relating to Micro and Small Enterprises are as below:

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
(i)	The principal amount remaining unpaid to supplier as at the end of the year	14.28	14.90	16.51
(ii)	The interest due thereon remaining unpaid to supplier as at the end of the year	0.95	0.72	0.56
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	4.88	4.36	4.33
(iv)	The amount of interest accrued during the year and remaining unpaid at the end of the year	5.84	5.08	4.89

26. REVENUE FROM OPERATIONS

[Item No. I, Page 173]

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Sale of products	51,010.53	40,689.22
(b)	Sale of power and water	1,418.43	1,468.37
(c)	Income from town, medical and other services	135.97	133.05
(d)	Other operating income	696.03	406.80
		53,260.96	**42,697.44**

27. OTHER INCOME

[Item No. II, Page 173]

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Dividend income	87.51	107.08
(b)	Finance income	35.89	42.76
(c)	Net gain/(loss) on sale of non-current investments	0.97	-
(d)	Net gain/(loss) on investments carried at fair value through statement of profit and loss	316.63	184.16
(e)	Gain/(loss) on sale of capital assets (net of loss on assets sold/scrapped/written off)	(6.91)	2.12
(f)	Gain/(loss) on cancellation of forwards, swaps and options	(66.95)	(1.21)
(g)	Other miscellaneous income	47.32	56.25
		414.46	**391.16**

(i) Finance income includes:

(a) income on financial assets carried at amortised cost ₹**27.39** crore (2015-2016: ₹42.76 crore).

(b) income on financial assets carried at fair value through profit and loss ₹**8.50** crore (2015-2016: Nil).

NOTES forming part of the financial statements

28. CHANGES IN STOCK OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

[Item No. IV(c), Page 173]

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Inventories at the end of the year		
(a) Work-in-progress	5.88	18.30
(b) Finished and semi-finished goods	4,096.56	2,792.69
(c) Stock-in-trade	107.95	69.75
	4,210.39	**2,880.74**
Inventories at the beginning of the year		
(a) Work-in-progress	18.30	44.32
(b) Finished and semi-finished goods	2,792.69	2,869.82
(c) Stock-in-trade	69.75	37.35
	2,880.74	**2,951.49**
	1,329.65	**(70.75)**

29. EMPLOYEE BENEFIT EXPENSES

[Item No. IV(d), Page 173]

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Salaries and wages	3,934.58	3,608.28
(b) Contribution to provident and other funds	434.30	442.13
(c) Staff welfare expenses	236.25	269.48
	4,605.13	**4,319.89**

During the year, the Company recognised an amount of ₹**18.13** crore (2015-16: ₹17.94 crore) as remuneration to key managerial personnel. The details of such remuneration is as below:

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
(a) Short term employee benefits	17.13	17.24
(b) Post employment benefits	0.71	0.42
(c) Other long term employee benefits	0.29	0.28
	18.13	**17.94**

30. FINANCE COSTS

[Item No. IV(e), Page 173]

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense on:		
(a) Bonds, debentures, bank borrowings and others	2,597.04	2,665.45
(b) Finance leases	312.76	252.18
	2,909.80	**2,917.63**
Less: Interest capitalised	221.25	1,069.58
	2,688.55	**1,848.05**

(i) Other interest expense include interest on income tax ₹**16.22** crore (2015-16: Nil).

NOTES forming part of the financial statements

31. DEPRECIATION AND AMORTISATION EXPENSE

[Item No. IV(f), Page 173]

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Depreciation on tangible assets	3,351.49	2,883.61
(b)	Amortisation of intangible assets	190.06	78.67
		3,541.55	**2,962.28**

32. OTHER EXPENSES

[Item No. IV(g), Page 173]

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Consumption of stores and spares	2,751.81	2,445.77
(b)	Repairs to buildings	70.80	57.41
(c)	Repairs to machinery	2,281.82	2,025.30
(d)	Relining expenses	55.44	43.10
(e)	Fuel oil consumed	111.17	138.07
(f)	Purchase of power	2,769.75	2,407.75
(g)	Conversion charges	2,701.03	2,204.43
(h)	Freight and handling charges	3,783.56	2,994.88
(i)	Rent	75.60	73.53
(j)	Royalty	1,145.51	938.62
(k)	Rates and taxes	1,298.41	752.83
(l)	Insurance charges	79.61	56.82
(m)	Commission, discounts and rebates	207.14	182.78
(n)	Allowance for credit losses/provision for advances	16.09	22.49
(o)	Excise duty (including recovered on sales)	5,267.94	4,428.77
(p)	Others	2,333.41	1,829.80
		24,949.09	**20,602.35**

(i) Others include foreign exchange (gain)/loss of ₹**2.16** crore (2015-16: ₹59.73 crore)

(ii) Details of auditors' remuneration and out-of-pocket expenses are as below:

(₹ crore)

			Year ended March 31, 2017	Year ended March 31, 2016
(a)	Auditors remuneration and out-of-pocket expenses			
	(i)	As auditors	6.30	6.53
	(ii)	For taxation matters	0.46	0.47
	(iii)	For other services	0.33	2.64
	(iv)	Out-of-pocket expenses	0.18	0.17
(b)	Cost audit fees [Including expenses ₹**25,084** (2015-16: ₹22,388), (2014-15: ₹25,064)]		0.12	0.12

(iii) (a) Amount required to be spent by the Company on Corporate Social Responsibility (CSR) activities during the year was ₹**115.80** crore (2015-16 : ₹150.36 crore).

(b) Revenue expenditure charged to statement of profit and loss in respect of Corporate Social Responsibility (CSR) activities undertaken during the year is ₹**191.21** crore [₹190.29 crore has been paid in cash and ₹0.93 crore is yet to be paid] as compared to ₹195.64 crore for the year ended March 31, 2016 [₹192.39 crore was paid in cash and ₹3.25 crore was unpaid].

NOTES forming part of the financial statements

32. OTHER EXPENSES (CONTD.)

[Item No. IV(g), Page 173]

Capital expenditure incurred during the year in construction of capital assets under CSR projects is ₹**2.40** crore [₹1.66 crore paid in cash and ₹0.74 crore is yet to be paid] as compared to ₹8.82 crore for the year ended March 31, 2016 [₹8.49 crore was paid in cash and ₹0.33 crore was unpaid].

(iv) Revenue expenditure charged to Statement of Profit and Loss in respect of research and development activities undertaken during the year is ₹**132.26** crore (2015-16: ₹116.25 crore) including depreciation of ₹**7.87** crore (2015-16: ₹6.75 crore). Capital expenditure in respect of research and development activities undertaken during the year is ₹12.32 crore (2015-16: ₹13.06 crore).

33. EXCEPTIONAL ITEMS

[Item No. VI, Page 173]

(a) Loss (net) on sale of investment in a subsidiary and an associate **Nil** (2015-16: ₹0.85 crore).

(b) Provision for dimunition in value of investments held in subsidiaries ₹**45.42** crore (2015-16: ₹87.63 crore), in respect of advances paid for repurchase of equity shares in Tata Teleservices Limited from NTT Docomo Inc ₹**125.45** crore (2015-16: Nil). During 2015-16, the Company has recognised provision of ₹72.99 crore relating to advances paid for a project which the Company has decided to discontinue.

(c) Impairment loss recognised in respect of property, plant and equipment (including capital work in progress) and intangible assets of **Nil** (2015-16: ₹51.51 crore).

(d) Provision of ₹**218.25** crore (2015-16: ₹880.05 crore) in respect of certain statutory demands and claims.

(e) Provision of ₹**178.68** crore (2015-16: ₹556.25 crore) on account of employee seperation scheme.

(f) Provision towards legal and constructive commitments provided by the Company in respect of a loss making subsidiary ₹**135.58** crore (2015-16: Nil).

34. EARNINGS PER SHARE

[Item No. XII, Page 173]

The following table reflects the profit and shares data used in the computation of basic and diluted earnings per share.

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Profit after tax	3,444.55	955.65
	Less: Distribution on Hybrid Perpetual Securities (net of tax)	174.01	174.06
	Profit attributable to ordinary shareholders - for Basic and Diluted EPS	3,270.54	781.59
		Nos.	Nos.
(b)	Weighted average number of Ordinary Shares for Basic EPS	97,12,15,439	97,12,15,439
	Weighted average number of Ordinary Shares for Diluted - EPS	97,12,15,493	97,12,15,439
(c)	Nominal value of Ordinary Shares (₹)	10.00	10.00
(d)	Basic and Diluted Earnings per Ordinary Share (₹)	33.67	8.05

NOTES forming part of the financial statements

35. EMPLOYEE BENEFITS

A. Defined contribution plans

The Company participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by the Company at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior months contributions that were not due to be paid until after the end of the reporting period.

The major defined contribution plans operated by the Company are as below:

(a) Provident fund and pension

In accordance with the Employee's Provident Fund and Miscellaneous Provisions Act, 1952 and The Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948, eligible employees of the Company 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.

The contributions, as specified under the law, are made to the provident fund set up as an irrevocable trust by the Company, post contribution of amount specified under the law to Employee Provident Fund Organisation on account of employee pension scheme.

(b) Superannuation fund

The Company has a superannuation plan for the benefit of its employees. Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn.

Separate irrevocable trusts are maintained for employees covered and entitled to benefits. The Company contributes up to 15% of the eligible employees' salary or ₹1,00,000, whichever is lower, to the trust every year. Such contributions are recognised as an expense as and when incurred. The Company does not have any further obligation beyond this contribution.

The total expenses recognised in the statement of profit and loss during the year on account of defined contribution plans amounted to ₹**310.09** crore (2016: ₹303.65 crore).

B. Defined benefit plans

The defined benefit plans operated by the Company are as below:

(a) Retiring gratuity

The Company has 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. The Company makes annual contributions to gratuity funds established as trusts or insurance companies. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

(b) Post retirement medical benefits

Under this unfunded scheme, employees of the Company 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 under an early separation scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The Company accounts for the liability for post-retirement medical scheme based on an actuarial valuation.

(c) Other defined benefits

Other benefits provided under unfunded schemes include pension payable to directors of the Company on their retirement, farewell gifts and reimbursement of packing and transportation charges to the employees based on their last drawn salary.

The defined benefit plans expose the Company to a number of actuarial risks as below:

(a) Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government/high quality bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

(b) Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

NOTES forming part of the financial statements

35. EMPLOYEE BENEFITS (CONTD.)

(c) **Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(d) **Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

C. Details of defined benefit obligation and plan assets:

(a) Retiring gratuity:

(i) The following table sets out the amounts recognised in the financial statements in respect of retiring gratuity plan:

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Change in defined benefit obligations:		
Obligation at the beginning of the year	2,640.22	2,572.91
Current service costs	118.00	116.71
Interest costs	192.44	187.65
Remeasurement (gains)/losses	143.44	66.21
Benefits paid	(314.15)	(303.26)
Obligation at the end of the year	**2,779.95**	**2,640.22**

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Change in plan assets:		
Fair value of plan assets at the beginning of the year	2,479.53	2,011.53
Interest income	186.23	165.91
Remeasurement gains/(losses)	50.31	43.71
Employers' contributions	161.00	561.64
Benefits paid	(314.15)	(303.26)
Fair value of plan assets at the end of the year	**2,562.92**	**2,479.53**

Amounts recognised in the balance sheet consists of:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fair value of plan assets at beginning/end of the year	2,562.92	2,479.53	2,011.53
Present value of obligation at the beginning/end of the year	(2,779.95)	(2,640.22)	(2,572.91)
	(217.03)	**(160.69)**	**(561.38)**
Recognised as:			
Retirement benefit liability - Non-current	(217.03)	(160.69)	**(561.38)**

NOTES forming part of the financial statements

35. EMPLOYEE BENEFITS (CONTD.)

Expenses recognised in the statement of profit and loss consists of:

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Employee benefits expenses:		
Current service costs	118.00	116.71
Net interest expenses	6.21	21.74
	124.21	**138.45**
Other comprehensive income:		
(Gain)/loss on plan assets	(50.31)	(43.71)
Actuarial (gain)/loss arising from changes in financial assumption	149.26	-
Actuarial (gain)/loss arising from changes in experience adjustments	(5.82)	66.21
	93.13	**22.50**
Expenses recognised in the statement of profit and loss	**217.34**	**160.95**

(ii) The fair value of plan assets as at March 31, 2017, March 31, 2016 and April 1, 2015 by category are as below:

(%)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets category (%)			
Equity instruments (quoted)	0.21	-	-
Debt instruments (quoted)	28.91	30.73	39.10
Insurance products (unquoted)	70.88	69.27	60.90
	100.00	**100.00**	**100.00**

The Company's policy is driven by considerations of maximising returns while ensuring credit quality of 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 benchmarks.

(iii) The key assumptions used in accounting for retiring gratuity is as below:

(%)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate	7.00	7.75	7.75
Rate of escalation in salary	7.50 to 10.00	7.50 to 10.00	7.50 to 10.00

(iv) The weighted average duration of the obligations as at March 31, 2017 is **9** years (March 31, 2016: 10 Years; April 1, 2015: 10 Years).

(v) The Company expects to contribute ₹**217.03** crore to the plan during financial year 2017-18.

(vi) The table below outlines the effect on obligation in the event of a decrease/increase of 1% in the assumptions used.

NOTES forming part of the financial statements

35. EMPLOYEE BENEFITS (CONTD.)

As at March 31, 2017

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹195.55 crore, increase by ₹226.58 crore
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹221.51 crore, decrease by ₹195.14 crore

As at March 31, 2016

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹179.73 crore, increase by ₹192.91crore
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹197.27 crore, decrease by ₹174.58 crore

As at April 1, 2015

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹172.68 crore, increase by ₹198.54 crore
Salary rate	Increase by 1%, decrease by 1%	Increase by ₹195.76 crore, decrease by ₹173.59 crore

The above sensitivities may not be representative of the actual change as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(b) Post retirement medical benefits and other defined benefits:

(i) The following table sets out the amounts recognised in the financial statements in respect of post retirement medical benefits and other defined benefit plans.

(₹ crore)

	April- March 2017		April- March 2016	
	Medical	Others	Medical	Others
Change in defined benefit obligation:				
Obligation as at the beginning of the year	1,063.93	84.38	1034.18	79.20
Current service cost	19.04	5.77	17.27	5.44
Interest cost	80.34	6.30	78.24	5.93
Remeasurement (gains)/losses				
(i) Actuarial gains and losses arising from changes in financial assumptions	126.17	7.84	-	-
(ii) Actuarial gains and losses arising from changes in experience adjustments	(13.69)	4.34	(16.51)	(0.98)
Benefits paid	(54.61)	(6.05)	(49.25)	(5.21)
Obligation as at the end of the year	**1,221.18**	**102.58**	**1063.93**	**84.38**

Amount recognised in balance sheet consists of:

(₹ crore)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Medical	Others	Medical	Others	Medical	Others
Present value of obligation as at the beginning/end of the year	(1,221.18)	(102.58)	(1,063.93)	(84.38)	(1,034.18)	(79.20)
Recognised as:						
Retirement benefit liability - Current	(50.67)	(5.91)	(51.24)	(5.43)	(46.07)	(5.46)
Retirement benefit liability - Non-current	(1,170.51)	(96.67)	(1,012.69)	(78.95)	(988.11)	(73.74)

NOTES forming part of the financial statements

35. EMPLOYEE BENEFITS (CONTD.)

Expenses recognised in the statement of profit and loss consists of:

(₹ crore)

	April- March 2017		April- March 2016	
	Medical	Others	Medical	Others
Employee benefits expenses:				
Current service costs	19.04	5.77	17.27	5.44
Net interest expenses	80.34	6.30	78.24	5.94
	99.38	**12.07**	**95.51**	**11.38**
Other comprehensive income:				
Actuarial (gain)/loss arising from changes in financial assumption	126.17	7.84	-	-
Actuarial (gain)/loss arising from changes in experience adjustments	(13.69)	4.34	(16.51)	(0.98)
	112.48	**12.18**	**(16.51)**	**(0.98)**
	211.86	**24.25**	**79.00**	**10.40**

(ii) The key assumptions used in accounting for the post-retirement medical benefits and other employee benefit plans are as below:

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Medical	Others	Medical	Others	Medical	Others
Discount rate (per annum)	7.00%	7.00%	7.75%	7.75%	7.75%	7.75%
Rate of escalation in salary (per annum)	N.A.	10.00% - 15.00%	N.A.	10.00% - 15.00%	N.A.	10.00% - 15.00%
Inflation rate (per annum)	8.00%	4.00%	8.00%	4.00%	8.00%	4.00%

(iii) The weighted average duration of post-retirement medical benefit obligations as at March 31, 2017 is **9** years (March 31, 2016: 10 Years; April 1, 2015: 10 Years)

The weighted average duration of other defined benefit obligations as at March 31, 2017 ranges from **9 to 12** years (March 31, 2016: 10 Years; April 1, 2015: 10 Years)

(iv) The table below outlines the effect on post retirement medical benefit obligation in the event of a decrease/increase of 1 % in the assumptions used:

As at March 31, 2017

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹163.42 crore, increase by ₹209.94 crore
Medical cost inflation rate	Increase by 1%, decrease by 1%	Increase by ₹200.37 crore, decrease by ₹159.56 crore

As at March 31, 2016

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹136.45 crore, increase by ₹166.49 crore
Medical cost inflation rate	Increase by 1%, decrease by 1%	Increase by ₹164.29 crore, decrease by ₹137.28 crore

As at April 1, 2015

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹132.63 crore, increase by ₹161.84 crore
Medical cost inflation rate	Increase by 1%, decrease by 1%	Increase by ₹159.70 crore, decrease by ₹133.44 crore

The table below outlines the effect on other defined benefit obligations in the event of a decrease/increase of 1 % in the assumptions used.

NOTES forming part of the financial statements

35. EMPLOYEE BENEFITS (CONTD.)

As at March 31, 2017

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹10.23 crore, increase by ₹12.32 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹6.50 crore, decrease by ₹5.66 crore
Inflation rate	Increase by 1%, decrease by 1%	Increase by ₹5.00 crore, decrease by ₹4.42 crore

As at March 31, 2016

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹7.93 crore, increase by ₹9.14 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹4.75 crore, decrease by ₹4.14 crore
Inflation rate	Increase by 1%, decrease by 1%	Increase by ₹4.00 crore, decrease by ₹3.55 crore

As at April 1, 2015

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹7.13 crore, increase by ₹8.16 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹4.71 crore, decrease by ₹4.12 crore
Inflation rate	Increase by 1%, decrease by 1%	Increase by ₹4.80 crore, decrease by ₹4.10 crore

The above sensitivities may not be representative of the actual change as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

36. CONTINGENCIES AND COMMITMENTS

A. 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 on-going 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.

Litigations

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 disallowance of expenses, tax treatment of certain expenses claimed by the Company as deductions and the computation of, or eligibility of the Company's use of certain tax incentives or allowances.

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

As at March 31, 2017, there are matters and/or disputes pending in appeal amounting to ₹**1,417.54** crore (March 31, 2016: ₹1,312.63 crore; April 1, 2015: ₹1,016.12 crore).

The details of demands for more than ₹100 crore is as below:

Interest expenditure on loans taken by the Company for acquisition of a subsidiary has been disallowed in assessments with tax demand raised for ₹**1,217.79** crore (inclusive of interest) (March 31, 2016: ₹1,124.48 crore; April 1, 2015: ₹870.36 crore). The Company has deposited ₹**515.00** crore (March 31, 2016: ₹415 crore; April 1, 2015: ₹340.00 crore) as part payment as a precondition to obtain stay of demand. The Company expects to sustain its position on ultimate resolution of the appeals.

NOTES forming part of the financial statements

36. CONTINGENCIES AND COMMITMENTS (CONTD.)

Customs, Excise Duty and Service Tax

As at March 31, 2017, there were pending litigations for various matters relating to customs, excise duty and service taxes involving demands of ₹**482.72** crore (March 31, 2016: ₹483.86 crore; April 1, 2015: ₹465.04 crore).

Sales Tax /VAT

The total sales tax demands that are being contested by the Company amounted to ₹**349.58** crore (March 31, 2016: ₹567.88 crore; April 1, 2015: ₹432.33 crore).

Other Taxes, Dues and Claims

Other amounts for which the Company may contingently be liable aggregate to ₹**8,571.00** crore (March 31, 2016: ₹6,979.48 crore; April 1, 2015: ₹6,143.31 crore).

The details of demands for more than ₹100 crore are as below:

(a) Claim by a party arising out of conversion arrangement- ₹**195.82** crore (March 31, 2016: ₹195.82 crore; April 1, 2015: ₹195.82 crore). The Company has not acknowledged this claim and has instead filed a claim of ₹**139.65** crore (March 31, 2016: ₹139.65 crore; April 1, 2015: ₹139.65 crore) on the party. The matter is pending before the Calcutta High Court.

(b) The State Government of Odisha introduced "Orissa Rural Infrastructure and Socio Economic Development Act, 2004" with effect from February 2005 levying tax on mineral bearing land computed on the basis of value of minerals produced from the mineral bearing land. The Company had filed a Writ Petition in the High Court of Orissa challenging the validity of the Act. Orissa High Court held in November 2005 that State does not have authority to levy tax on minerals. The State Government of Odisha moved to the Supreme Court against the order of Orissa High Court and the case is pending with Supreme Court. The potential liability, as at March 31, 2017 would be approximately ₹**5,880.83** crore (March 31, 2016: ₹5,501.98 crore; April 1, 2015: ₹4,805.18 crore).

(c) For the purpose of payment of royalty, there are two salient provisions viz; Section 9 in Mines and Minerals (Development and Regulation) Act (MMDR) 1957, related to the incidence of royalty and Rules 64B and 64C of Mineral Concession Rules (MC Rules), 1960. The Company has been paying royalty on coal extracted from its coal mines pursuant to the judgement and order dated July 23, 2002 passed by the Jharkhand High Court. However, the State Government demanded royalty at rates applicable to processed coal. Though the Company contested the above demand, it started paying, under protest, royalty on processed coal from November 2008. The demand of the state mining authority was confirmed by the High Court vide its judgement dated March 12, 2014. The Court concluded that the State cannot claim interest till the Hon'ble Supreme Court decides the pending Special Leave Petitions (SLP) filed by State and Company in the year 2004.

In the appeals filed by the Company in respect of the issues related to coal royalty, the Hon'ble Supreme Court has pronounced the judgement on March 17, 2015 in which it has interpreted Section 9 and approved the law that removal of coal from the seam in the mine and extracting it through the pithead to the surface satisfies the requirement of Section 9 (charging section) of the MMDR Act in order to give rise to a liability for royalty. In regard to the interpretation of Rules 64B and 64C of MC Rules, the Supreme Court has clarified that the constitutional validity or the vires of the Rules has not been adjudicated upon. Therefore it is open to the Company either to revive the appeals limited to this question or to separately challenge the constitutionality and vires of these Rules. Accordingly, the Company has filed writ petitions challenging the constitutionality and vires of Rules 64B and 64C of MC Rules on May 19, 2015 at Hon'ble High Court of Jharkhand. Vide it's judgement dated June 26, 2015, High Court has held that, the writ petitions are maintainable. It is also pertinent to mention that the Union of India in its counter affidavit has stated that the provisions of Rules 64B and 64C may not be applicable to the mineral coal.

All demands are solely based on application of Rules 64B and 64C. In view of (i) the clear interpretation of charging Section 9 by Supreme Court by three judges Bench following two earlier three Judge Bench orders (ii) the affidavit of Union of India and (iii) the liberty given by Supreme Court, the Company is of the opinion that any related present/ probable demands are not payable. Out of the principal demand of ₹190.25 crore, an amount of ₹163.80 crore has been paid till FY' 2015 and balance has been provided for. As the Hon'ble High Court of Jharkhand refused to grant stay on demand raised in case of West Bokaro division, the Company started providing for differential royalty in the books. Interest amount of ₹**1,043.79** crore (March 31, 2016: ₹324.06 crore; April 1, 2015: ₹318.45 crore) being interest raised on all the demands, which are disputed in several cases has been considered as a contingent liability. The interest demand has been raised after several years for the entire past period and is being contested. ₹12.92 crore, being interest on District Mineral Fund (DMF) and National Mineral Foundation Trust contribution on differential royalty is also considered as a contingent liability.

NOTES forming part of the financial statements

36. CONTINGENCIES AND COMMITMENTS (CONTD.)

(d) The Company pays royalty on ore on the basis of quantity removed from the leased area at the rates based on notification by the Ministry of Mines, Government of India and the price published by India Bureau of Mines (IBM) on a monthly basis.

A demand of ₹411.08 crore has been raised by Deputy Director of Mines, Joda, claiming royalty at sized ore rates on despatches of ore fines. The Company has filed a revision petition on November 14, 2013 before the Mines Tribunal, Government of India, Ministry of Mines, New Delhi, challenging the legality and validity of the demand raised and also to grant refund of royalty excess paid by the Company. Mines tribunal vide its order dated November 13, 2014 has stayed the demand of royalty on iron ore for Joda east of ₹314.28 crore upto the period ending March 31, 2014. For the demand of ₹96.80 crore for April, 2014 to September, 2014, a separate revision application was filed before Mines Tribunal. The matter was heard by Mines Tribunal on July 14, 2015 and stay was granted on the total demand with directive to Government of Odisha not to take any coercive action for realisation of this demanded amount. Likely demand of royalty on fines at sized ore rates as on March 31, 2017: ₹**847.96** crore (March 31, 2016: ₹411.08 crore: April 1, 2015: ₹411.08 crore.

B. COMMITMENTS

(a) The Company has entered into various contracts with suppliers and contractors for the acquisition of plant and machinery, equipment and various civil contracts of a capital nature amounting to ₹**3,825.85** crore, (2016: ₹5416.16 crore, 2015: ₹6,466.63 crore).

Other commitments as at March 31, 2017 amounts to ₹**0.01** crore (March 31, 2016: ₹0.01 crore, March 15: ₹0.01 crore).

(b) The Company has given undertakings to: (a) IDBI not to dispose of its investment in Wellman Incandescent India Ltd., (b) IDBI and ICICI Bank Ltd. (formerly ICICI) not to dispose of its investment in Standard Chrome Ltd., (c) Mizuho Corporate Bank Limited and Japan Bank for International Co-operation, not to dispose of its investments in Tata NYK Shipping Pte Limited, (to retain minimal stake required to be able to provide a corporate guarantee towards long-term debt), (d) ICICI Bank Limited to directly or indirectly continue to hold atleast 51 % shareholding in Jamshedpur Continuous Annealing & Processing Company Private Limited.

(c) The Company has furnished a security bond in respect of its immovable property to the extent of ₹20 crore in favour of the Registrar of the Delhi High Court and has given an undertaking not to sell or otherwise dispose of the said property.

(d) The Promoters of Tata BlueScope Steel Limited (TBSL) (i.e. BlueScope Steel Asia Holdings Pty Limited, Australia and Tata Steel Limited) have given an undertaking to IDBI Trusteeship Services Ltd., Debenture Trustees, and State Bank of India not to reduce collective shareholding in TBSL, below 51% without prior consent of the Lender. Further, The Company has given an undertaking to State Bank of India to intimate them before diluting its shareholding in TBSL below 50%.

(e) The Company, as a promoter, has pledged 4,41,55,800 equity shares of Industrial Energy Limited with Infrastructure Development Finance Corporation Limited.

(f) The Company along with TS Alloys Limited (Promoters) has given an undertaking to Power Finance Corporation Limited (PFC) and Rural Electrification Corporation Limited (REC) (Lenders) not to dispose off/transfer their equity holding of 26% of total equity in Bhubaneshwar Power Private Limited (BPPL) till the repayment of entire loan by BPPL to the lenders without prior written approval of lenders. Such shareholding of promoters may be transferred to the Company or its affiliates subject to compliance of applicable laws. The Company along with TS Alloys Limited has pledged 60% of their equity contribution in BPPL to PFC, PFC being the security agent.

(g) The Company has agreed, if requested by Tata Steel UK Holdings Limited (TSUKH) (an indirect wholly owned subsidiary), to procure an injection of funds to reduce the outstanding net debt in TSUKH and its subsidiaries, to a mutually accepted level.

(h) The Company has given guarantees aggregating ₹**11,344.47** crore (2016: ₹11,741.71 crore, 2015: ₹13,761.45 crore) details of which are as below:

(i) in favour of Timken India Limited for **Nil,** (March 31, 2016: ₹80.00 crore; April 1, 2015: ₹80.00 crore) against renewal of lease of land pending with State Government and ₹**1.07** crore (March 31, 2016: ₹1.07 crore; April 1, 2015: ₹1.07 crore) on behalf of Timken India Limited to Commissioner of Customs in respect of goods imported.

(ii) in favour of Mizuho Corporate Bank Ltd., Japan for ₹**45.38** crore (March 31, 2016: ₹65.04 crore; April 1, 2015: ₹78.89 crore) against the loan granted to a joint venture Tata NYK Shipping Pte. Limited.

NOTES forming part of the financial statements

36. CONTINGENCIES AND COMMITMENTS (CONTD.)

(iii) in favour of The President of India for ₹**177.18** crore (March 31, 2016: ₹177.18 crore; April 1, 2015: ₹177.18 crore) against performance of export obligation under the various bonds executed by a joint venture Jamshedpur Continuous Annealing & Processing Company Private Limited.

(iv) in favour of the note holders against due and punctual repayment of the 100% amounts outstanding as on March 31, 2017 towards issued Guaranteed Notes by a subsidiary, ABJA Investment Co. Pte. Limited for ₹**9,728.25** crore (March 31, 2016: ₹9,937.88 crore; April 1, 2015: ₹11,718.75 crore) and ₹**1,392.44** crore (March 31, 2016: ₹1,480.39 crore; April 1, 2015: ₹1,705.41 crore). The guarantee is capped at an amount equal to 125% of the outstanding principal amount of the Notes as detailed in "Terms and Conditions" of the Offering Memorandum.

(v) in favour of President of India for (₹**0.15** crore March 31, 2016: ₹0.15 crore; April 1, 2015: ₹0.15 crore) against advance license.

37. OTHER SIGNIFICANT LITIGATIONS

(a) Odisha legislative assembly issued an amendment to Indian Stamp Act on May 9, 2013 and inserted a new provision (Section 3a) in respect of stamp duty payable on grant/ renewal of mining leases. As per the amended provision, stamp duty is levied equal to 15% of the average royalty that would accrue out of the highest annual extraction of minerals under the approved mining plan multiplied by the period of such mining lease. The Company had filed a writ petition challenging the constitutionality of the Act on July 5, 2013. The Hon'ble High Court, Cuttack passed an order on July 9, 2013 granting interim stay on the operation of the Amendment Act, 2013. As a result of the stay, as on date, the Act is not enforceable and any demand received by the Company is not liable to be proceeded with. Meanwhile, the Company received demand notices for the various mines at Odisha totalling to ₹**5,579** crore. On the basis of external legal opinion, the Company has concluded that it is remote that the claim will sustain on ultimate resolution of the legal case by the courts.

In April, 2015 the Company has received an intimation from Government of Odisha, granting extension of validity period for leases under the MMDR Amendment Act, 2015 up to March 31, 2030 in respect of eight mines and up to March 31, 2020 for two mines subject to execution of supplementary lease deed within 3 months from the date of the intimation. Liability has been provided in the books of accounts as on March 31, 2017 as per the existing provisions of the Stamp Act 1899 and the Company has since paid the stamp duty and registration charges totalling ₹413.72 crore for supplementary deed execution in respect of eight mines out of the above mines.

(b) Demand notices have been raised by Deputy Director of Mines, Odisha amounting to ₹**3,828** crore for the excess production over the quantity permitted under the mining plan scheme, environment clearance or consent to operate, during the period 2000-01 to 2009-10. The demand notices have been raised under Section 21(5) of the Mines & Minerals (Development and Regulations) Act (MMDR). However, the Act specifies that demand can be raised only when the land is occupied without lawful authority. The Company is of the view that Section 21(5) of the MMDR Act is not applicable as the mining is done within the sanctioned mining lease area and accordingly the Company has filed revision petitions before the Mines Tribunal against all such demand notices. Consequent to it stay has been granted by the Mines Tribunal against the entire demand of ₹3,828 crore and directed the State that no coercive action should be taken for recovery of demand.

Based on the judgement of Hon'ble High court of Jharkhand on December 11, 2014 in the matter of the writ petition filed by the Company for renewal of lease and continuation of operation at Noamundi iron mine, the Government of Jharkhand approved the renewal of lease of Noamundi Mines by an express order on December 31, 2014. Express Order also held mining operation carried out between January 1, 2012 to August 31, 2014 to be unlawful and computed an amount of ₹3,568 crore on account of such alleged unlawful mining.

The Mines and Minerals Development and Regulation (MMDR) Amendment Ordinance 2015 promulgated on January 12, 2015 provides for renewal of the above mines. Based on the new Ordinance, Jharkhand Government revised the Express Order on February 12, 2015 for lease renewal up to March 31, 2030 with following terms and conditions:

- value of iron ore produced by alleged unlawful mining during the period January 1, 2012 to April 20, 2014 for ₹2,994.49 crore to be decided on the basis of disposal of writ petition filed before Hon'ble High Court of Jharkhand.

NOTES forming part of the financial statements

37. OTHER SIGNIFICANT LITIGATIONS (CONTD.)

- value of iron ore produced from April 21, 2014 to July 17, 2014 amounting to ₹421.83 crore to be paid in maximum 3 installments.
- value of iron ore produced from July 18, 2014 to August 31, 2014 i.e. ₹152 crore to be paid immediately.

The Company paid ₹152 crore under protest. District Mining Officer Chaibasa on March 16, 2015 has issued demand notice for payment of ₹421.83 crore, payable in three monthly installments. The Company replied on March 20, 2015, since the lease has been extended till March 31, 2030, the above demand is not tenable. The Company paid ₹50 crore under protest on July 27, 2015.

A writ petition was filed before Hon'ble High Court of Jharkhand and heard on September 9, 2015. An interim order has been given by Hon'ble High Court of Jharkhand on September 18, 2015 wherein court has directed the Company to pay outstanding amount of ₹371.83 crore in 3 equal installments, first instalment by October 15, 2015, second instalment by November 15, 2015 and third instalment by December 15, 2015.

In view of the order of Hon'ble High Court of Jharkhand ₹124 crore was paid on September 28, 2015, ₹124 crore was paid on November 12, 2015 and ₹123.83 crore on December 14, 2015 under protest.

(c) During Financial Year 2014-15, the Income Tax department had reopened assessments of earlier years on account of excess mining and raised cumulative demand for ₹1,086 crore. During 2015-16, the Commissioner of Income Tax (Appeals) has adjudicated the matter in favour of the Company and quashed the entire demand on account of reopened assessments. The demand outstanding as on March 31, 2017 is **Nil** (March 31, 2016: Nil; April 1, 2015: ₹1,086 crore).

(d) During the current year, NTT Docomo Inc. had filed a petition with the Delhi High Court for implementation of the arbitration award (damages along with cost and interest) by the London Court of International Arbitration. The Delhi High Court directed Tata Sons to deposit the damages including costs and interest in an escrow account. During the year, the Company has accordingly remitted its share of ₹ **152** crore to Tata Sons and recognised a provision of ₹125.44 crore being the difference between the fair value of equity shares to be repurchased and the consideration payable to NTT Docomo Inc.

NOTES forming part of the financial statements

38. 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 business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings and issue of non-convertible debt securities.

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

Net debt includes interest bearing borrowings less cash and cash equivalents, other bank balances (including non-current earmarked balances) and current investments.

The table below summarises the capital, net debt and net debt to equity ratio of the Company.

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity share capital	971.41	971.41	971.41
Hybrid Perpetual Securities	2,275.00	2,275.00	2,275.00
Other equity	48,687.60	45,665.97	49,217.90
Total Equity (A)	**51,934.01**	**48,912.38**	**52,464.31**
Non-current borrowings	24,694.37	23,926.76	24,316.10
Short term borrowings	3,239.67	5,888.00	819.74
Current maturities of long term borrowings and finance lease obligations	350.59	1,028.75	4,350.41
Gross Debt (B)	**28,284.63**	**30,843.51**	**29,486.25**
Total Capital (A+B)	**80,218.64**	**79,755.89**	**81,950.56**
Gross Debt as above	28,284.63	30,843.51	29,486.25
Less: Current investments	(5,309.81)	(4,325.00)	(1,001.15)
Less: Cash and cash equivalents	(905.21)	(974.68)	(495.16)
Less: Other balances with bank (including non-current earmarked balances)	(102.84)	(96.46)	(94.47)
Net Debt (C)	**21,966.77**	**25,447.37**	**27,895.47**
Net debt to equity	**0.44**	**0.50**	**0.53**

Net debt to equity as at March 31, 2017 and March 31, 2016 has been computed based on average equity and as on April 1, 2015, it is based on closing equity.

NOTES forming part of the financial statements

39. 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(m), Page 182 to the financial statements.

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015.

As at March 31, 2017

(₹ crore)

	Amortised cost	Fair Value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Fair Value through statement of profit and loss	Total carrying value	Total fair value
Financial assets:							
Cash and bank balances	1,008.05	-	-	-	-	1,008.05	1,008.05
Trade receivables	2,006.52	-	-	-	-	2,006.52	2,006.52
Investments	49.74	4,808.59	-	-	5,409.81	10,268.14	10,268.14
Derivatives	-	-	0.16	6.22	-	6.38	6.38
Loans	239.11	-	-	-	-	239.11	239.11
Other financial assets	356.81	-	-	-	-	356.81	356.81
	3,660.23	**4,808.59**	**0.16**	**6.22**	**5,409.81**	**13,885.01**	**13,885.01**
Financial liabilities:							
Trade and other payables	10,717.44	-	-	-	-	10,717.44	10,717.44
Borrowings	28,284.63	-	-	-	-	28,284.63	29,538.89
Derivatives	-	-	2.57	446.93	-	449.50	449.50
Other financial liabilities	3,729.98	-	-	-	-	3,729.98	3,729.98
	42,732.05	**-**	**2.57**	**446.93**	**-**	**43,181.55**	**44,435.81**

As at March 31, 2016

(₹ crore)

	Amortised cost	Fair Value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Fair Value through statement of profit and loss	Total carrying value	Total fair value
Financial assets:							
Cash and bank balances	1,071.14	-	-	-	-	1,071.14	1,071.14
Trade receivables	1,133.17	-	-	-	-	1,133.17	1,133.17
Investments	33.95	3,985.50	-	-	4,425.00	8,444.45	8,444.45
Derivatives	-	-	-	7.00	-	7.00	7.00
Loans	224.71	-	-	-	-	224.71	224.71
Other financial assets	209.66	-	-	-	-	209.66	209.66
	2,672.63	**3,985.50**	**-**	**7.00**	**4,425.00**	**11,090.13**	**11,090.13**

NOTES forming part of the financial statements

39. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

As at March 31, 2016

(₹ crore)

	Amortised cost	Fair Value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Fair Value through statement of profit and loss	Total carrying value	Total fair value
Financial liabilities:							
Trade and other payables	6,196.88	-	-	-	-	6,196.88	6,196.88
Borrowings	30,843.51	-	-	-	-	30,843.51	31,640.64
Derivatives	-	-	0.85	193.39	-	194.24	194.24
Other financial liabilities	4,001.11	-	-	-	-	4,001.11	4,001.11
	41,041.50	**-**	**0.85**	**193.39**	**-**	**41,235.74**	**42,032.87**

As at April 1, 2015

(₹ crore)

	Amortised cost	Fair Value through other comprehensive income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Fair Value through statement of profit and loss	Total carrying value	Total fair value
Financial assets:							
Cash and bank balances	589.63	-	-	-	-	589.63	589.63
Trade receivables	1,057.02	-	-	-	-	1,057.02	1,057.02
Investments	-	10,753.13	-	-	1,101.15	11,854.28	11,854.28
Derivatives	-	-	0.20	654.81	-	655.01	655.01
Loans	223.87	-	-	-	-	223.87	223.87
Other financial assets	256.90	-	-	-	-	256.90	256.90
	2,127.42	**10,753.13**	**0.20**	**654.81**	**1,101.15**	**14,636.71**	**14,636.71**
Financial liabilities:							
Trade and other payables	4,935.96	-	-	-	-	4,935.96	4,935.96
Borrowings	29,486.25	-	-	-	-	29,486.25	30,221.71
Derivatives	-	-	2.99	298.15	-	301.14	301.14
Other financial liabilities	4,230.38	-	-	-	-	4,230.38	4,230.38
	38,652.59	**-**	**2.99**	**298.15**	**-**	**38,953.73**	**39,689.19**

(i) Investments in mutual funds and derivative instruments are mandatorily classified as fair value through statement of profit and loss.

(b) Fair value hierarchy

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 investment in quoted equity shares, 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 includes Company's over-the-counter (OTC) derivative contracts.

NOTES forming part of the financial statements

39. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

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.

(₹ crore)

	As at March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investment in mutual funds	5,309.81	-	-	5,309.81
Investment in equity shares	4,422.17	-	386.42	4,808.59
Investment in preference shares	-	100.00	-	100.00
Derivative financial assets	-	6.38	-	6.38
	9,731.98	**106.38**	**386.42**	**10,224.78**
Financial liabilities:				
Derivative financial liabilities	-	449.50	-	449.50
	-	**449.50**	**-**	**449.50**

(₹ crore)

	As at March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investment in mutual funds	4,325.00	-	-	4,325.00
Investment in equity shares	3,577.43	-	408.07	3,985.50
Investment in preference shares	-	100.00	-	100.00
Derivative financial assets	-	7.00	-	7.00
	7,902.43	**107.00**	**408.07**	**8,417.50**
Financial liabilities:				
Derivative financial liabilities	-	194.24	-	194.24
	-	**194.24**	**-**	**194.24**

(₹ crore)

	As at April 1, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investment in mutual funds	1,001.15	-	-	1,001.15
Investment in equity shares	10,274.87	-	478.26	10,753.13
Investment in preference shares	-	100.00	-	100.00
Derivative financial assets	-	655.01	-	655.01
	11,276.02	**755.01**	**478.26**	**12,509.29**
Financial liabilities:				
Derivative financial liabilities	-	301.14	-	301.14
	-	**301.14**	**-**	**301.14**

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.

NOTES forming part of the financial statements

39. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

(iii) Investments carried at fair value are generally based on market price quotations. Costs of 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.

(iv) Fair value of borrowings which have a quoted market price in an active market is based on its market price which is categorised as level 1. Fair value of borrowings which do not have an active market or are unquoted is estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for credit spread considered by lenders for instruments of similar maturities which is categorised as level 2 in the fair value hierarchy.

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

(vi) There have been no transfers between Level 1 and Level 2 for the years ended March 31, 2017, March 31, 2016 and April 1, 2015.

(c) Derivative financial instruments

Derivative instruments used by the Company include forward exchange contracts, interest rate swaps, currency swaps, options and interest rate caps and collars. These financial instruments are utilised to hedge future transactions and cash flows and are subject to hedge accounting under Ind AS 109 " Financial Instruments" to the extent possible. The Company does not hold or issue derivative financial instruments for trading purpose. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

The following table sets out the fair value of derivatives held by the Company as at the end of each reporting period.

(₹ crore)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
(i) Foreign currency forwards, swaps and options	6.23	446.93	6.95	194.15	655.01	301.14
(ii) Interest rate swaps and collars	0.15	2.57	0.05	0.09	-	-
	6.38	**449.50**	**7.00**	**194.24**	**655.01**	**301.14**
Classified as:						
Non-current	0.12	179.33	0.80	116.01	40.91	171.97
Current	6.26	270.17	6.20	78.23	614.10	129.17

At the end of the reporting period the total notional amount of outstanding foreign currency contracts and interest rate swaps and collars that the Company has committed to are as below:

(USD million)

	As at March 31, 2017	As at March 31, 2016	As at April1, 2015
(i) Foreign currency forwards, swaps and options	1,337.69	735.46	1,278.74
(ii) Interest rate swaps and collars	150.00	301.87	335.00
	1,487.69	**1,037.33**	**1,613.74**

NOTES forming part of the financial statements

39. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

(d) Transfer of financial assets

The Company transfers certain trade receivables under discounting arrangements with banks and financial institutions. Some of such arrangements do not qualify for de-recognition due to recourse arrangement being in place. Consequently, the proceeds received from transfer are recorded as short-term borrowings from banks and financial institutions.

The carrying value of trade receivables not de-recognised along with the associated liabilities is as below:

(₹ crore)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying value of asset transferred	Carrying value of associated liabilities	Carrying value of asset transferred	Carrying value of associated liabilities	Carrying value of asset transferred	Carrying value of associated liabilities
Trade receivables	**651.36**	**651.36**	512.87	512.87	551.47	551.47

(e) 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:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

(ii) 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 interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(a) Market risk - Foreign currency exchange rate risk:

The fluctuation in foreign currency exchange rates may have a potential impact on the statement of profit and loss and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency 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 imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

A 10% appreciation/depreciation of the foreign currencies with respect to functional currency of the Company would result in an increase/decrease in the Company's net profit before tax by approximately ₹**9.46** crore for the year ended March 31, 2017 (March 31, 2016: ₹24.45 crore) and increase/decrease in carrying value of property, plant and equipment (before considering depreciation) by approximately ₹**185.49** crore as at March 31, 2017 (March 31, 2016: ₹215.55 crore; April 1, 2015: ₹255.82 crore).

The foreign exchange rate sensitivity is calculated by assuming a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the functional currency of the Company.

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2017, March 31, 2016 and April 1, 2015 excluding trade payables, trade receivables, other non-derivative and derivative financial instruments not forming part of debt and which do not present a material exposure. The period end balances are not necessarily representative of the average debt outstanding during the period.

(b) Market risk - 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.

NOTES forming part of the financial statements

39. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

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.

Based on the composition of debt as at March 31, 2017 and March 31, 2016 a 100 basis points increase in interest rates would increase the Company's finance costs (before interest capitalised) and thereby consequently reduce net profit before tax by approximately ₹**122.34** crore for the year ended March 31, 2017 (2015-16: ₹152.64 crore).

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.

(c) Market risk - Equity price risk:

Equity price risk is related to change in market reference price of investments in equity securities held by the Company.

The fair value of quoted investments held by the Company exposes the Company to equity price risks. In general, these investments are not held for trading purposes.

The fair value of quoted investments in equity, classified as fair value through other comprehensive income as at March 31, 2017, March 31, 2016 and April 1, 2015, was ₹**4,422.17** crore and ₹3,577.43 crore and ₹10,274.87 crore respectively.

A 10% change in equity prices of such securities held as at March 31, 2017, March 31, 2016 and April 1, 2015, would result in an impact of ₹**442.22** crore, ₹357.74 crore and ₹1,027.49 crore respectively on equity before considering tax impact.

(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.

The Company has a policy of dealing only with credit worthy counter parties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults.

Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments, cash and cash equivalents, derivatives and financial guarantees provided by the Company. None of the financial instruments of the Company result in material concentration of credit risk.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹**8,913.94** crore, ₹6,970.27 crore, ₹3,761.85 crore, as at March 31, 2017, March 31, 2016 and April 1, 2015 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments in debt securities and other financial assets.

The risk relating to trade receivables is presented in Note 13, Page 205.

The Company's exposure to customers is diversified and no single customer contributes to more than 10 % of outstanding trade receivables as at March 31, 2017, March 31, 2016 and April 1, 2015.

In respect of financial guarantees provided by the Company to banks and financial institutions, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

(iii) Liquidity risk:

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

The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures and other debt instruments. The Company invests its surplus funds in bank fixed deposit and in mutual funds, which carry no or low market risk.

NOTES forming part of the financial statements

39. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

The following table shows a maturity analysis of the anticipated cash flows including interest obligations for the Company's derivative and non-derivative financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value. Floating rate interest is estimated using the prevailing interest rate at the end of the reporting period. Cash flows in foreign currencies are translated using the period end spot rates.

(₹ crore)

	As at March 31, 2017				
	Carrying value	Contractual cash flows	less than one year	between one to five years	More than five years
Non-derivative financial liabilities:					
Borrowings including interest obligations	28,284.63	44,333.15	4,816.98	15,921.64	23,594.53
Trade payables	10,717.44	10,717.44	10,717.44	-	-
Other financial liabilities	3,729.98	3,729.98	3,711.76	5.26	12.96
	42,732.05	**58,780.57**	**19,246.18**	**15,926.90**	**23,607.49**
Derivative financial liabilities	**449.50**	**449.50**	**270.17**	**96.11**	**83.22**

(₹ crore)

	As at March 31, 2016				
	Carrying value	Contractual cash flows	less than one year	between one to five years	More than five years
Non-derivative financial liabilities:					
Borrowings including interest obligations	30,843.51	47,225.29	8,265.39	16,198.46	22,761.44
Trade payables	6,196.88	6,196.88	6,196.88	-	-
Other financial liabilities	4,001.11	4,001.11	3,604.60	389.09	7.42
	41,041.50	**57,423.28**	**18,066.87**	**16,587.55**	**22,768.86**
Derivative financial liabilities	**194.24**	**194.24**	**78.23**	**87.28**	**28.73**

(₹ crore)

	As at April 1, 2015				
	Carrying value	Contractual cash flows	less than one year	between one to five years	More than five years
Non-derivative financial liabilities:					
Borrowings including interest obligations	29,486.25	48,191.81	6,732.28	17,659.38	23,800.15
Trade payables	4,935.96	4,935.96	4,935.96	-	-
Other financial liabilities	4,230.38	4,230.38	3,388.49	841.89	-
	38,652.59	**57,358.15**	**15,056.73**	**18,501.27**	**23,800.15**
Derivative financial liabilities	**301.14**	**301.14**	**129.17**	**114.89**	**57.08**

40. SEGMENT REPORTING

The Company is engaged in the business of manufacturing steel products and is primarily operated out of India. In accordance with Ind AS 108 "Operating Segments", the Company has presented segment information on the basis of consolidated financial statements which form part of this report.

NOTES forming part of the financial statements

41. RELATED PARTY TRANSACTIONS

The Company's related parties principally consist of its subsidiaries, associates and joint ventures, Tata Sons Limited including its subsidiaries and joint ventures. The Company routinely enters into transactions with these related parties in the ordinary course of business at market rates and terms.

The following table summarises related party transactions and balances included in the financial statements of the Company for the year ended as at March 31, 2017, March 31, 2016 and April 1, 2015:

(₹ crore)

	Subsidiaries	Associates	Joint Ventures	Tata Sons and its subsidiaries and joint ventures	Total
Purchase of goods	**8,382.81**	**254.56**	**141.22**	**170.91**	**8,949.50**
	4,111.28	*246.29*	*117.27*	*131.15*	*4,605.99*
Sale of goods	**4,233.84**	**27.23**	**1,522.49**	**114.89**	**5,898.45**
	2,627.40	*26.70*	*1,038.34*	*11.38*	*3,703.82*
Services received	**1,601.30**	**7.73**	**1,305.59**	**88.88**	**3,003.50**
	1,629.17	*24.25*	*859.21*	*113.13*	*2,625.76*
Services rendered	**335.53**	**4.94**	**96.39**	**0.85**	**437.71**
	413.83	*7.42*	*108.07*	*0.23*	*529.56*
Interest income recognised	**9.70**	**-**	**-**	**-**	**9.70**
	18.16	*-*	*1.79*	*-*	*19.95*
Interest expenses recognised	**-**	**-**	**-**	**16.16**	**16.16**
	-	*-*	*-*	*19.23*	*19.23*
Dividend paid	**0.93**	**-**	**-**	**236.48**	**237.41**
	0.93	*-*	*-*	*236.61*	*237.54*
Dividend received	**46.64**	**1.11**	**39.78**	**0.54**	**88.07**
	41.27	*0.56*	*22.32*	*40.94*	*105.08*
Provision for receivables recognised during the year	**4.98**	**-**	**-**	**-**	**4.98**
	90.77	*0.03*	*-*	*-*	*90.80*
Management contracts	**-**	**-**	**-**	**100.00**	**100.00**
	-	*-*	*-*	*75.00*	*75.00*
Purchase of investments	**10.96**	**-**	**-**	**-**	**10.96**
	8.15	*8.15*	*-*	*-*	*16.30*
Sale of investments	**-**	**-**	**-**	**-**	**-**
	-	*-*	*-*	*2,592.01*	*2,592.01*
Finance provided during the year	**470.78**	**-**	**-**	**-**	**470.78**
	126.59	*0.91*	*46.78*	*-*	*174.28*

NOTES forming part of the financial statements

41. RELATED PARTY TRANSACTIONS (CONTD.)

(₹ crore)

	Subsidiaries	Associates	Joint Ventures	Tata Sons and its subsidiaries and joint ventures	Total
Outstanding loans and receivables	**1,138.30**	**26.68**	**46.38**	**80.38**	**1,291.74**
	1,037.69	*9.46*	*22.68*	*36.03*	*1,105.86*
	933.75	*20.51*	*94.56*	*32.65*	*1,081.47*
Provision for outstanding loans and receivables	**636.98**	**0.03**	**-**	**-**	**637.01**
	796.62	*0.03*	*-*	*-*	*796.65*
	707.83	*-*	*-*	*-*	*707.83*
Outstanding payables	**5,520.66**	**28.44**	**388.39**	**162.88**	**6,100.37**
	1,897.36	*37.41*	*165.86*	*134.08*	*2,234.71*
	1,637.11	*48.32*	*141.92*	*130.29*	*1,957.64*
Guarantees provided outstanding	**11,120.69**	**-**	**222.56**	**-**	**11,343.25**
	11,418.27	*-*	*242.22*	*-*	*11,660.49*
	13,424.16	*-*	*256.07*	*-*	*13,680.23*

Figures in italics represents comparative figures of previous years.

(i) The details of remuneration paid to key managerial personnel is provided in Note 29, Page 220.

In addition, during the year the Company has paid dividend of ₹**21,936.00** (2015-16: ₹21,936.00) to key managerial personnel and ₹**2,648.00** (2015-16: ₹2,648.00) to relatives of key managerial personnel.

(ii) During the year, the Company has contributed ₹**471.09** crore (2015-16: ₹865.30 crore) to post employment benefit plans.

(iii) Transaction with joint ventures have been disclosed at full value and not at their proportionate share.

42. ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)

A. Mandatory exceptions to retrospective application

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101 "First Time Adoption of Indian Accounting Standards".

(i) Estimates

On assessment of estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise such estimates under Ind AS, as there is no objective evidence of an error in those estimates.

(ii) Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of facts and circumstances that existed on the date of transition to Ind AS.

B. Optional exemptions from retrospective application

Ind AS 101 "First time Adoption of Indian Accounting Standards" permits Companies adopting Ind AS for the first time to take certain exemptions from the full retrospective application of Ind AS during the transition. The Company has accordingly on transition to Ind AS availed the following key exemptions:

NOTES forming part of the financial statements

42. ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS) (CONTD.)

i. Fair value as deemed cost for items of property, plant and equipment

The Company has elected to treat fair value as deemed cost for certain items of its property, plant and equipment.

The aggregate fair value of property, plant and equipment where the exemption was availed amounted to ₹ 47,580.78 crore with an aggregate adjustment of ₹24,345.24 crore being recognised to the carrying value reported under the Previous GAAP.

ii. Fair value as deemed cost for investments in subsidiaries, associates and joint ventures

On transition, Ind AS 101 allows an entity to treat fair value as deemed cost for investments held in subsidiaries, associates and joint ventures.

Accordingly, the Company has elected to treat fair value as deemed cost for its investments held in a subsidiary. The fair value of such investments was considered as Nil with an adjustment of ₹47,875.33 crore being recognised to the carrying value reported under the Previous GAAP.

iii. Designation of previously recognised financial instruments

Under Ind AS 109 "Financial Instruments", at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in fair value of an investment in equity instrument in other comprehensive income.

Ind AS 101 "First time Adoption of Indian Accounting Standards" allows such designation of previously recognised financial assets as "fair value through other comprehensive income" on the basis of facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the Company has designated its investments in equity instruments at fair value through other comprehensive income on the basis of facts and circumstances that existed at the date of transition to Ind AS.

iv. Effect of changes in exchange rate

In respect of long term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period, the Company has elected to recognise exchange differences on translation of such long term foreign currency monetary items in line with its Previous GAAP accounting policy.

In respect of long term foreign currency monetary items recognised in the financial statements beginning with the first Ind AS financial reporting period, exchange differences are recognised in the statement of profit and loss.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide the explanation and qualification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards".

(i) Reconciliation of total equity as at April 1, 2015 and March 31, 2016.

(ii) Reconciliation of total comprehensive income for the year ended March 31, 2016.

(iii) Reconciliation of statement of cash flows for the year ended March 31, 2016.

Previous GAAP figures have been reclassified/regrouped wherever necessary to confirm with the financial statements prepared under Ind AS.

NOTES forming part of the financial statements

42. ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS) (CONTD.)

(1) Reconciliation of total equity

(₹ crore)

	Note	As at March 31, 2016	As at April 1, 2015
Equity as per Previous GAAP		**70,476.72**	**66,663.89**
Re-measurements on transition to Ind AS			
(1) Property, plant and equipment	(ii)	23,293.17	24,260.63
(2) Financial Instruments	(i)	3,929.62	10,791.14
(3) Re-classification of Hybrid Perpetual Securities	(v)	2,275.00	2,275.00
(4) Reversal of proposed dividend and tax thereon	(vii)	935.15	935.15
(5) Leases	(iii)	(223.07)	(237.62)
(6) Government grants	(vi)	(231.54)	(231.54)
(7) Fair valuation as deemed cost for investments in subsidiaries	(iv)	(47,875.33)	(47,875.33)
(8) Others	(x)	32.91	(18.66)
(9) Tax impact on above adjustments	(ix)	(3,700.25)	(4,098.35)
Equity as per Ind AS		**48,912.38**	**52,464.31**

(2) Reconciliation of total comprehensive income

(₹ crore)

	Note	Year Ended March 31, 2016
Net Profit as per Previous GAAP		**4,900.95**
Re-measurements on transition to Ind AS		
(1) Leases	(iii)	14.55
(2) Employee benefits	(viii)	5.01
(3) Property, plant and equipment	(ii)	(967.46)
(4) Financial instruments	(i)	(3,698.00)
(5) Others	(x)	62.72
(6) Tax impact on above adjustments	(ix)	637.88
Net Profit as per Ind AS		**955.65**
Other comprehensive income/(loss)	(xi)	(3,407.13)
Total comprehensive income/(loss) as per Ind AS		**(2,451.48)**

(3) Reconciliation of statement of cash flows

(₹ crore)

	Note	Amount as per Previous GAAP	Effect of transition to Ind AS	Amount as per Ind AS
Net cash generated from/(used in) operating activities	(xii), (xiii)	6,939.43	432.37	7,371.80
Net cash generated from/(used in) investing activities		(4,369.30)	17.58	(4,351.72)
Net cash generated from/(used in) financing activities	(xii), (xiii)	(2,038.71)	(501.73)	(2,540.44)
Net increase/(decrease) in cash and cash equivalents		**531.42**	**(51.78)**	**479.64**
Cash and cash equivalents as at April 1, 2015		421.93	73.23	495.16
Effect of exchange rate on translation of foreign currency cash and cash equivalents		(0.12)	-	(0.12)
Cash and cash equivalents as at March 31, 2016		953.23	21.45	974.68

NOTES forming part of the financial statements

42. ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS) (CONTD.)

Notes to reconciliation of total equity and total comprehensive income

(i) Financial Instruments

(a) In accordance with Ind AS 109 "Financial Instruments", investments in quoted equity instruments (other than in subsidiaries, associates and joint ventures) have been recognised at fair value at each reporting date through other comprehensive income.

Consequently, on eventual sale of such investments, profit or loss recognised in the statement of profit and loss under the Previous GAAP have been reversed as the fair value changes are recognised through other comprehensive income.

(b) In accordance with Ind AS 109 "Financial Instruments", premium payable on redemption, discount on issue, transaction costs on issue of bonds and debentures are required to be considered as effective finance costs and recognised in the statement of profit and loss using the effective interest rate.

Consequently, premium on redemption/discounts on issue and transaction costs recognised directly in equity or amortised using a different approach under the Previous GAAP has been reversed and are now recognised through the statement of profit and loss using the effective interest rate.

(c) In accordance with Ind AS 109 "Financial Instruments", investments in mutual funds are recognised at fair value through the statement of profit and loss at each reporting period.

(d) In accordance with Ind AS 109 "Financial Instruments", all derivative financial instruments are recognised at fair value as at each reporting date through the statement of profit and loss except where designated in a hedging relationship.

(ii) Property, plant and equipment

On transition to Ind AS, the Company has treated fair value as deemed cost for certain items of property, plant and equipment resulting in an uplift in carrying value as compared to the Previous GAAP.

The consequential impact of additional depreciation on fair value uplift is recognised in the statement of profit and loss.

(iii) Leases

As per Ind AS 17, "Leases", the Company has assessed certain long term arrangements, fulfilment of which is dependant on use of specified assets and where the Company has the right to control the use of such assets for being in the nature of a lease.

This resulted in certain arrangements being treated as a lease and classified as finance lease. The impact on total equity and profit and loss is on account of timing difference in recognition of expenses under the lease accounting model as compared to those recognised under the Previous GAAP.

(iv) Fair value as deemed cost for investments in subsidiaries

The Company has treated fair value as deemed cost for its investment held in a subsidiary. The difference between fair value and carrying value as per Previous GAAP has accordingly been adjusted against reserves on transition to Ind AS.

(v) Re-classification of Hybrid perpetual securities

In accordance with Ind AS 109 "Financial Instruments", Hybrid Perpetual Securities have been re-classified as equity based on its substance and the fact that the Company has an unconditional right to avoid making payments on the instrument as per the contractual terms.

(vi) Governments Grants

In accordance with Ind AS 20 "Government Grants", duty saved on import of capital goods and spares under the EPCG scheme has been treated as a Government grant.

The benefit has been grossed up with the cost of the related asset and has been recognised as a deferred income. Such deferred income is released to the statement of profit and loss based on fulfilment of related export obligations. The duty benefit grossed up to the cost of the asset is depreciated based on its useful economic life or as and when the spares are consumed.

(vii) Reversal of proposed dividend

In accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", dividend recommended by the Board of Directors is recognised only once approved by the shareholders as compared to the Previous GAAP where it was considered as an adjusting event.

(viii) Employee benefits

(a) In accordance with Ind AS 19, "Employee Benefits" re-measurement gains and losses on post employment defined benefit plans are recognised in other comprehensive income as compared to the statement of profit and loss under the Previous GAAP.

NOTES forming part of the financial statements

42. ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS) (CONTD.)

(b) Interest expense/income on the net defined benefit liability/asset is recognised in the statement of profit and loss using the discount rate used for defined benefit obligation as compared to the expected rate used for recognising income from plan assets under the Previous GAAP.

(ix) Deferred Taxes

In accordance with Ind AS 12, "Income Taxes", the Company on transition to Ind AS has recognised deferred tax on temporary differences, i.e. based on balance sheet approach as compared to the earlier approach of recognising deferred taxes on timing differences , i.e. profit and loss approach.

The tax impacts as above primarily represent deferred tax consequences arising out of Ind AS re-measurement changes.

(x) Other adjustments

Other adjustments primarily relate to consequential impact on inventory valuation due to Ind AS transition.

(xi) Other comprehensive Income

Under Ind AS, all items of income and expense recognised during the year are included in the profit or loss for the year, unless Ind AS requires or permits otherwise. Items that are not recognised in profit or loss but are shown in the statement of profit and loss and other comprehensive income include re-measurement gains or losses on defined benefit plans, effective portion of gains or losses on cash flow hedges and fair value changes of equity investments.

The concept of other comprehensive Income did not exist under the Previous GAAP.

Notes to reconciliation of statement of cash flows

(xii) The Company transfers trade receivables under discounting arrangements with banks and financial institutions. Some of the arrangements do not meet the de-recognition criteria due to re-course arrangements being in place. Consequently, proceeds received from such transactions are recorded as short term borrowings and trade receivables continue to be recognised in the financial statements. Under the Previous GAAP, such transactions were de-recognised and recorded as a sale.

As a result, cash flow from operating activities under Ind AS is lower and cash flow from financing activities is higher.

(xiii) On transition to Ind AS, long term arrangements have been assessed as being in the nature of a lease and classified as finance leases, where applicable. Under the Previous GAAP, such long term contracts were treated as a normal contract for purchase of output. Payments made under such contracts have therefore been re-classified as part of financing activities under Ind AS as compared to operating activities under the Previous GAAP.

As a result, cash flow from operating activities under Ind AS is higher and cash flow from financing activities is lower.

43. DIVIDENDS

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. On May 16, 2017, the Board of Directors of the Company have proposed a dividend of ₹10 per share in respect of the year ended March 31, 2017 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 1,168.93 crore inclusive of a dividend distribution tax of ₹197.72 crore.

For and on behalf of the Board of Directors

sd/- **N. Chandrasekaran** Chairman (DIN: 00121863)	sd/- **Ishaat Hussain** Director (DIN: 00027891)	sd/- **Andrew Robb** Director (DIN: 01911023)	sd/- **O. P. Bhatt** Director (DIN: 00548091)	sd/- **Mallika Srinivasan** Director (DIN: 00037022)	sd/- **Peter Blauwhoff** Director (DIN: 07728872)
sd/- **Aman Mehta** Director (DIN: 00009364)	sd/- **Deepak Kapoor** Director (DIN: 00162957)	sd/- **D. K. Mehrotra** Director (DIN: 00142711)	sd/- **Koushik Chatterjee** Group Executive Director (Finance, Corporate & Europe) (DIN: 00004989)	sd/- **T. V. Narendran** Managing Director (DIN: 03083605)	sd/- **Parvatheesam K.** Company Secretary (ACS: 15921)

Mumbai, May 16, 2017